

THE DEMOCRATS' FAILURE TO RETURN ILLEGAL CAMPAIGN CONTRIBUTIONS

I. THE DEMOCRATIC NATIONAL COMMITTEE'S CONTRIBUTION REVIEW

On November 26, 1996, the DNC announced that it had retained the law firm of Debevoise & Plimpton¹ to “advise it in connection with questions that had arisen about a number of contributions to the DNC.”² Just before the DNC announced its hiring of Debevoise & Plimpton, the *Washington Post* reported that “for now, the DNC is relying on news organizations to all but prove that the donations are not legitimate before it returns them.”³ In a deposition before the Committee, DNC General Counsel Joseph E. Sandler, Esq. summarized the factors—particularly heavy press scrutiny—leading to the contribution review:

Counsel: . . . Can you tell me what led up to this in-depth contribution review involving Debevoise & Plimpton . . . ?

Sandler: Yes. There were many, many questions being raised in the press in October and November of 1996 about contributions that had been made by the DNC during 1994, 1995, and 1996. And rather than try to investigate these one at a time, we determined that it would be best if we did a systematic review of these—of contributions made during this period to determine which—you know, if there were, to the extent there were contributions that we accepted that should now be refunded.⁴

Specifically, Debevoise & Plimpton was hired to oversee a review of select contributions, represent the DNC in conjunction with the Department of Justice’s (“DOJ”) campaign finance investigation, and assist with an improvement of the DNC’s contribution screening procedures.⁵ According to DNC Chairman Fowler, Debevoise & Plimpton’s duties were to include “preserving and producing relevant documents and preparing timely and complete responses to inquiries from applicable agencies.”⁶ Chairman Fowler pledged that:

¹ Serge F. Kovalski, “Democrats Open Investigation Into Questionable Donations; Specific Queries Won’t Be Answered Pending Completion,” *Washington Post*, November 27, 1996, at A6.

² DNC Summary of In-Depth Contribution Review, at 1 (Exhibit 1).

³ Ira Chinoy and Lena H. Sun, “Unwary DNC Accepted Donations at Face Value,” *Washington Post*, November 22, 1996, at A1.

⁴ Committee Deposition of Joseph E. Sandler, Esq., May 14, 1998, 27-28.

⁵ “DNC Hires Law Firm for Contribution Probe,” *Associated Press*, November 26, 1996.

⁶ *Id.*

We at the DNC are absolutely determined to correct any mistakes that have been made and to ensure that they are not repeated We will no longer go about this in a piecemeal fashion but will deal with this comprehensively and methodically.”⁷

The DNC stated that it would no longer answer questions about individual contributions until the review was completed.⁸ At the time the DNC hired Debevoise & Plimpton in November 1996, it had already returned \$1,471,800 in contributions, \$1,298,800 of which was raised by DNC Vice Chairman John Huang.⁹ In addition, by this time a criminal investigation of Huang’s fund-raising activities was underway at the Justice Department.

In late November 1996, Debevoise & Plimpton hired the accounting firm Ernst & Young, L.L.P. to assist in the review of questionable contributions.¹⁰ And, additionally, in early December 1996, Debevoise & Plimpton hired the Investigative Group International (“IGI”), a private investigative firm, to assist in the contribution review.¹¹

The DNC’s initial contribution review began in late November 1996—after the Presidential election—and continued through February 1997.¹² Contributions falling into any one of the following seven categories—taken directly from DNC guidelines—were reviewed:

1. Contributions from any contributor who contributed \$10,000 or more in any of the years 1994, 1995 or 1996.
2. Contributions in 1996 for which 430 S. Capitol Street (address of the DNC’s headquarters) had been listed as an address.
3. Contributions solicited by Mr. John Huang where the donor contributed a total of \$2,500 or more in the aggregate where the donor was not well known to the DNC.
4. Contributions made in connection with the April 29, 1996 event at the Hsi Lai Buddhist Temple in California.

⁷ *Id.*

⁸ Serge F. Kovalski, “Democrats Open Investigation Into Questionable Donations; Specific Queries Won’t Be Answered Pending Completion,” *Washington Post*, November 27, 1996, at A6.

⁹ Ex. 1 DNC Summary of In-Depth Contribution Review, at 4-5; see “DNC Hires Law Firm for Contribution Probe,” *Associated Press*, November 26, 1996.

¹⁰ *Id.*; see also, Ex. 1 DNC Summary of In-Depth Contribution Review, at 1.

¹¹ *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, Deposition of Terry F. Lenzner, 43-47, June 23, 1997.

¹² The DNC’s Responses to the Committee’s June 23, 1998, Interrogatories, August 6, 1998, at 7; see “DNC Hires Law Firm for Contribution Probe,” *Associated Press*, November 26, 1996; see also, Ex. 1 DNC Summary of In-Depth Contribution Review, at 1.

5. Contributions made or solicited by Mr. Charles Trie, his wife or his company, Daihatsu International.
6. Contributions by Mr. Johnny Chung or his company, Automated Intelligence Systems.
7. Contributions above \$5,000 made in connection with any DNC fundraising event targeting the Asian Pacific American community.¹³

Contributions falling into category 1 were reviewed in-house by the DNC using standard public databases such as Nexis and Lexis to verify “basic information”¹⁴ such as corporate status, address, etc.¹⁵ Category 2 contributions were evidently also reviewed in-house by the DNC.¹⁶ In contrast, contributions falling into categories 3-7 were forwarded to Debevoise & Plimpton which reviewed them in conjunction with Ernst & Young.¹⁷ IGI was utilized to review a select group of contributions after Ernst & Young was unable to obtain sufficient information to determine the legality or appropriateness of the contribution.¹⁸

The DNC’s in-house contribution review consisted primarily of public database searches and attempts to contact contributors.¹⁹ In contrast, the review conducted by Ernst & Young under the auspices of Debevoise & Plimpton was considerably more extensive. Ernst & Young utilized professionals from four different areas: Financial Advisory Services-Dispute Resolution & Litigation Services, Financial Advisory Services-International Financial Services, the Chinese Business Group, and the Assurance and Advisory Business Services, as well as translators.²⁰ As described in a DNC memorandum:

[Ernst & Young] prepared two questionnaires (one for individuals and one for corporate donors) that it used in telephone interviews. Individual donors were asked to confirm the donor’s citizenship, permanent residence status, social security number, the source of the donation and other relevant information. Corporate donors were asked about any possible foreign ownership, the source of the funds (from a domestic U.S. company or from abroad) and other relevant information. Searches of standard databases containing publicly available information were also conducted to verify additional information about the donor. Where the donor requested it, [Ernst & Young] sent a written questionnaire Where [Ernst &

¹³ DNC’s Responses to the Committee’s June 23, 1998, Interrogatories, August 6, 1998, at 7-8.

¹⁴ Ex. 1 DNC Summary of In-Depth Contribution Review, at 2.

¹⁵ *Id.*

¹⁶ *Id.* at 2-3.

¹⁷ *Id.*

¹⁸ *See Id.*, at 3; *see generally Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, Deposition of Terry F. Lenzner, 43-47, June 23, 1997.

¹⁹ *See* Ex. 1 DNC Summary of In-Depth Contribution Review, at 2-3.

²⁰ Letter from Daniel G. Lentz of Ernst & Young, L.L.P. to Debevoise & Plimpton, February 26, 1997, Appendix 1, DNC 4298600-DNC 4298601 (Exhibit 2).

Young] was not able to contact the donor or to obtain sufficient information, further research was conducted under the supervision of Debevoise & Plimpton.²¹

The Ernst & Young auditors kept detailed notes of contacts and attempted contacts with contributors and “other significant information obtained”²² in conjunction with telephone interviews.²³ The research work performed by Ernst & Young and the Investigative Group International produced an impressive amount of concrete information upon which the DNC could base its decisions.

Based on the result of the Ernst & Young interviews, contributors’ files were categorized as:

1. Dead End Research (“DER”) if no contact with the contributor was made.²⁴ In this case, Alternative Procedures were employed consisting of mailing an interview short form to the contributor via mail to the “best available address,”²⁵
2. Terminated if the contact information was confirmed as “good”²⁶ but contact with the contributor could not be made after “reasonable efforts.”²⁷ In this case, Alternative Procedures were employed consisting of mailing an interview short form to the contributor via mail to the “best available address,”²⁸
3. Survey Unsuccessful if the interview had been initiated with the actual contributor . . . but had been terminated by the contributor after either none or a portion of the interview had been completed.”²⁹ In this case, Alternative Procedures were employed consisting of mailing an interview short form to the contributor via mail to the “best available address;”³⁰
4. Substantially Completed “where the Interviewer obtained as much information as possible from the Contributor on the majority of the questions asked;”³¹ and

²¹ Ex. 1 DNC Summary of In-Depth Contribution Review, at 2.

²² Ex. 2 Letter from Daniel G. Lentz of Ernst & Young, L.L.P. to Debevoise & Plimpton, February 26, 1997, DNC 4298595.

²³ *Id.*

²⁴ *Id.* at 3, DNC 4298597.

²⁵ *Id.* at 4, DNC 4298598.

²⁶ *Id.* at 3, DNC 4298597.

²⁷ *Id.*

²⁸ *Id.* at 4, DNC 4298598.

²⁹ *Id.* at 3, DNC 4298597.

³⁰ *Id.* at 4, DNC 4298598.

³¹ *Id.* at 3, DNC 4298597.

5. Completed if “all steps through the completion of the interview have been performed.”³²

In certain circumstances, what the DNC termed “Additional Procedures” were used, such as obtaining a credit report when a contributor signed and returned an authorization form.³³

The DNC pledged to return any contribution that: (1) may not satisfy applicable legal and regulatory requirements, (2) may be inappropriate for the DNC to accept under the circumstances as the DNC understands them, or (3) for which the DNC has been unable to obtain sufficient information to verify its legality or appropriateness.³⁴ In short, the DNC pledged to return contributions in instances of illegality, inappropriateness, or insufficient information.

Pursuant to category 1, if the DNC—in conjunction with Ernst & Young—determined that a contribution was made in violation of the Federal Election Campaign Act of 1971, as Amended (“the Act”), it was to be deemed illegal and returned to the contributor or disgorged to the U.S. Treasury.³⁵ For example, DNC records indicate that contributions made by foreign nationals in violation of 2 U.S.C. § 441e(a) of the Act³⁶ were returned to the donor³⁷ while contributions made in the name of another in violation of 2 U.S.C. § 441f³⁸ were returned to the U.S. Treasury³⁹ as explained by the DNC:

³² *Id.*

³³ *Id.* at 4, DNC 4298598.

³⁴ Ex. 1 DNC Summary of In-Depth Contribution Review, at 1; Statement of Judah Best, Debevoise & Plimpton, DNC Press Conference, February 28, 1997, at 1-2 (Exhibit 3).

³⁵ FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; *see generally* Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997, DNC 4298856-DNC 4298857 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39) (enclosures omitted) (Exhibit 4); *see also* Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998 (Exhibit 5); *see* Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998 (enclosures omitted) (Exhibit 6); DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9 (Exhibit 7).

³⁶ 2 U.S.C. § 441e(a) provides that:

It shall be unlawful for a foreign national directly or through any other person to make any contribution of money or other thing of value, or to promise expressly or impliedly to make any such contribution, in connection with an election to any political office or in connection with any primary election, convention, or caucus held to select candidates for any political office; or for any person to solicit, accept, or receive any such contribution from a foreign national.

³⁷ *See generally* Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9.

³⁸ 2 U.S.C. § 441f provides that:

No person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another person.

³⁹ *See generally* Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9; FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Ex. 4 Letter

In accordance with F[ederal] E[lection] C[ommission] guidelines, in those cases in which a donor specifically indicated that he or she did not make the contribution, but the real source of the contribution is not known to the DNC, the contribution has been refunded to the U.S. Treasury.⁴⁰

For example, foreign national Gilberto Pagan's contribution was returned to him while conduit contributions made in coordination with Maria Hsia and the International Buddhist Progress Society were disgorged to the U.S. Treasury.⁴¹ This policy is consistent with federal regulations.⁴²

If a contribution was determined illegal, the DNC generally did not reach the issue of appropriateness. But, pursuant to category 2, a contribution could have been deemed inappropriate notwithstanding the fact that it was legal. In a Committee deposition, DNC General Counsel Sandler explained the distinction between legality and appropriateness:

Sandler: Legality goes to the question of whether it is lawful under the Federal Election Campaign Act, under the rules of the Federal Election Commission, for the DNC to accept a contribution. And appropriateness goes to the question of whether a contribution that is legal to accept is nonetheless inappropriate because of the circumstances, background situation, or other factors relating to the particular contributor.

Counsel: Is it fair to say that the appropriateness standard is fuzzier than the legal standard?

Sandler: [The a]ppropriateness standard definitely involves matters of judgment on a case-by-case basis.⁴³

Whether a contribution was appropriate is an entirely subjective *ad hoc* determination.⁴⁴ Current DNC guidelines regarding compliance with campaign finance laws provide examples of contributions that may be deemed inappropriate including those made by individuals:

from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; Ex. Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998.

⁴⁰ DNC Press Release, "DNC Refunds Contributions," June 27, 1997, at 2 (Exhibit 8).

⁴¹ Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 6 and 8.

⁴² See 11 C.F.R. § 103.3(b)(1) and (2).

⁴³ Committee Deposition of Joseph E. Sandler, Esq., May 14, 1998, 6-7.

⁴⁴ *Id.* at 7.

1. Convict[ed] of a felony of any nature or of a misdemeanor involving fraud or moral turpitude, or civil judgment or finding involving fraud perpetrated against the government;
2. [Under a] [p]ending active investigation for criminal misconduct involving fraud or moral turpitude, or civil fraud involving the government;
3. Convict[ed] for or [under an] active pending criminal investigation into alleged misconduct involving dealing with the government or elected officials, or campaign finance violations;
4. [Involved in an] [u]nresolved bankruptcy proceeding; and/or
5. [Who has] [s]ubstantial unsatisfied tax liability or other obligations to the government not being actively contested in good faith.⁴⁵

When a “substantial question” regarding the “appropriateness of [a] contribution” was raised, “a committee (consisting of the DNC’s Executive Director, General Counsel, Press Spokesperson, Compliance Director, and Research Director) made the final determination of whether to return it.”⁴⁶ DNC records indicate that contributions deemed inappropriate were returned to the contributor or the contributor’s counsel.⁴⁷

The DNC has returned at least 70 contributions that it “deemed inappropriate,”⁴⁸ most notably the contributions of Praitun Kanchanalak (attributed to her daughter-in-law Pauline Kanchanalak),⁴⁹ Arief and Soraya Wiriadinata⁵⁰ (the son-in-law and daughter of Lippo Group co-founder Hashim Ning),⁵¹ Yah Lin “Charlie” and Wang Mei Trie,⁵² Daihatsu International Trading, Inc.⁵³ (a company controlled by Yah Lin “Charlie” Trie)⁵⁴ and the Cheyenne Arapaho Tribes.⁵⁵ The precise reason why these contributions were

⁴⁵ Policies and Procedures of the DNC Regarding Compliance with Campaign Finance Laws, at 18-19 (Exhibit 9).

⁴⁶ Ex. 1 DNC Summary of In-Depth Contribution Review, at 3.

⁴⁷ Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9.

⁴⁸ *Id.*

⁴⁹ *Id.* at 2.

⁵⁰ *Id.* at 2-3.

⁵¹ Notes of DNC General Counsel Joseph E. Sandler, Esq., DNC 0829497-DNC 0829535, at 12 (Exhibit 10); *see also* Glenn R. Simpson and Jill Abramson, “Legal Loopholes Let Overseas Contributors Fill Democrats’ Coffers---Asian Interests Are Providing Huge Campaign Gifts, Gaining Political Clout---A Bust of President Clinton,” *Wall Street Journal*, October 8, 1996; *see generally* Committee Deposition of Charles DeQueljo, June 9, 1998, 136-137.

⁵² Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 7.

⁵³ *Id.* at 5.

⁵⁴ Daihatsu International Trading, Inc. Business Card of President Yah Lin Trie (Exhibit 11).

⁵⁵ Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 4.

“deemed inappropriate” is unclear. However, at the time they were returned the common thread connecting these contributors was intense press scrutiny.⁵⁶

Pursuant to category 3, whether insufficient information was obtained pursuant to the contribution review was generally a subjective determination, however, the DNC established some objective criteria to assist with that determination:

In general, for an individual who had not been interviewed, the minimum test was a social security number, the length of time since it had been issued (which would be indicative of whether the person was a citizen or permanent resident), his or her ownership or possession of a residence or other property and other information that he or she had the wherewithal to make the contribution in question.⁵⁷

In the case of corporations:

[T]he minimum generally consisted of a confirmation of the company’s corporate existence and standing, its revenue from U.S. operations, whether the individuals who participated in the decision to make the contributions possessed social security numbers and for how long, or other information establishing their status as U.S. citizens or permanent residents.⁵⁸

According to the DNC’s attorney, Judah Best, Esq. of Debevoise & Plimpton, sufficient information was information upon which the DNC could make an “informed determination”⁵⁹ as to the legality or appropriateness of a contribution.⁶⁰ In the absence of sufficient information, the DNC—pursuant to its own policy—was required to return the contribution.⁶¹ The critical test was whether the source of funds used to make the contribution was verifiable.⁶²

The “insufficient information” category is particularly important because the DNC sometimes faced resistance from contributors in response to its contribution review.⁶³ Moreover, federal authorities have been thwarted in obtaining information from contributors regarding their contributions. Even requests for basic information such as a

⁵⁶ See, e.g. P. Kanchanalak (her contributions were returned in the wake of numerous articles questioning their legality); Arief and Soraya Wiriadinata (their contributions were returned in the wake of numerous articles questioning their legality); Cheyenne Arapaho Tribes (Their contributions were returned on March 13, 1997, in the wake of the *Washington Post* articles, Susan Schmidt, “Tribes Disappointed After Gifts to DNC; Land-Seeking Indians Who Gave Cite Pressure to Hire Consultants, Donate More,” *Washington Post*, March 10, 1997, at A1.).

⁵⁷ Ex. 1 DNC Summary of In-Depth Contribution Review, at 3.

⁵⁸ *Id.*

⁵⁹ Ex. 3 Statement of Judah Best, Debevoise & Plimpton, DNC Press Conference, February 28, 1997, at 4.

⁶⁰ See generally Ex. 1 DNC Summary of In-Depth Contribution Review, at 1.

⁶¹ *Id.*

⁶² John King, “Chairman Acknowledges More Money Will Be Returned, Urges Reform,” *Associated Press*, February 21, 1997.

⁶³ See, e.g., Discussion of J & M International, Inc., *infra*.

contributor's address were sometimes refused.⁶⁴ At least 120 individuals have fled the country and/or refused to cooperate with investigators in the course of the House, Senate and DOJ campaign finance investigations.⁶⁵ Of these, at least 79 individuals have invoked their Fifth Amendment privilege against self-incrimination.⁶⁶ As a result, an inability to obtain sufficient information is more often the rule rather than the exception.

The DNC reviewed the information gathered by Debevoise & Plimpton in conjunction with Ernst & Young and IGI and then made the final decision as to which contributions to retain, return or disgorge.⁶⁷ According to the DNC, "the final decision on which contributions should be returned was solely that of the DNC."⁶⁸ And although "Debevoise & Plimpton made recommendations with respect to the disposition of contributions, . . . in no instance did the DNC take any action inconsistent with counsel's recommendations."⁶⁹

In addition to the \$1,471,800 returned or disgorged in late 1996 prior to the contribution review,⁷⁰ on February 28, 1997, the DNC announced its intention to disgorge or return an additional \$1,492,051 as a result of its contribution review.⁷¹ DNC Chairman Roy Romer concluded: "[i]t is clear that we did not monitor the contribution process adequately enough in the recent past. The DNC made mistakes. Today's actions correct those mistakes"⁷²

During the period March 13, 1997, through June 26, 1997, the DNC returned an additional \$123,092, including \$107,672 to the Cheyenne Arapaho Tribes.⁷³ On June 27, 1997, the DNC returned or disgorged \$1,353,800—the DNC announced its intention to return \$1,348,200 of this \$1,353,800 on February 28, 1997, as discussed below—based on its continuing review of contributions.⁷⁴ According to a DNC press release, the June 27, 1997, disbursements brought the total contributions returned or disgorged to \$2,825,600.⁷⁵

⁶⁴ See, e.g., Ernst & Young Contribution Review Materials for Helen Chien, DNC 1805309, DNC 1805313, DNC 1805315-DNC 1805316, DNC 1805321, DNC 1805326-DNC 1805327, DNC 1805329-DNC 1805331, DNC 1805333-DNC 1805336, at 4 (Exhibit 12).

⁶⁵ "Witnesses Who Have Fled or Plead the 5th," <http://www.house.gov/reform/oversight/finance/fled.htm>, *Committee on Government Reform and Oversight, U.S. House of Representatives*; see also Nathan Abse, "Campaign Finance Probe: 94 Who Aren't Talking," *Washington Post*, June 9, 1998, at A13; "10 New Witnesses Take the Fifth, Total Now at 104, Government Reform and Oversight Investigators Move Forward in Foreign Money Probe Despite Stonewalling by Crucial Witnesses," Committee Press Release, June 23, 1998.

⁶⁶ *Id.*

⁶⁷ See generally Ex. 1 DNC Summary of In-Depth Contribution Review, at 1.

⁶⁸ *Id.* (emphasis added).

⁶⁹ *Id.*

⁷⁰ *Id.* at 4.

⁷¹ *Id.*

⁷² "DNC Chairs Romer and Grossman Announce New Compliance Procedures and Results of DNC Internal Review," DNC Press Release, February 28, 1997, at 2 (Exhibit 13).

⁷³ Ex. 1 DNC Summary of In-Depth Contribution Review, at 4.

⁷⁴ Ex. 8 DNC Press Release, "DNC Refunds Contributions," June 27, 1997, at 1.

⁷⁵ *Id.* at 1.

However, Committee calculations based on records provided by the DNC indicate that the DNC returned at least \$1,943,024 prior to June 27, 1997, and \$3,296,824 through June 27, 1997.⁷⁶

Of the \$1,492,051 the DNC identified as improper or illegal on February 28, 1997, at least \$1,348,200 was not returned until June 27, 1997, four months later, in violation of federal regulations.⁷⁷ A political committee cannot return or disgorge prohibited contributions on its own timetable.⁷⁸ Federal Election Commission (“FEC”) regulations provide in pertinent part that:

If a treasurer [of a political committee] discovers that a previously deposited contribution came from a prohibited source, he or she must refund the contribution within 30 days of making the discovery. This situation might arise, for example, if the treasurer learned that a past contribution was made by a *foreign national*. . . . If the committee does not have sufficient funds to refund the contribution when the illegality is discovered, the treasurer must use the next funds the committee receives.⁷⁹

Despite the air of contrition and self-reformation on display at the February 1997, press conference, according to then-DNC spokeswoman Amy Weiss Tobe, the DNC had no intention of immediately returning the contributions at the time the announcement was made:

The lights are on and [our employees] are still getting paychecks As we can give back donations, we will⁸⁰ We hope to do it within the next several months We’ve decided the right thing to do is to raise the money and return it when we can.⁸¹

To the Committee’s knowledge, the FEC has taken no action regarding the DNC’s failure to return or disgorge prohibited contributions in a timely manner.

⁷⁶ Ex. 7 DNC List of Contributions Returned or Disgorge Produced to the Committee on November 20, 1997, at 1-9.

⁷⁷ Cf. Sharon LaFraniere and Lena H. Sun, “DNC Returns Another \$1.5 Million; Refunds to Include Donations from Foreigners and a Deceased Woman,” *Washington Post*, March 1, 1997, at A1; Ex. 7 DNC List of Contributions Returned or Disgorge Produced to the Committee on November 20, 1997, at 1-9.

⁷⁸ See 11 C.F.R. § 103.3(b)(1)-(3).

⁷⁹ FEC Campaign Guide for Political Party Committees, August 1996, at 21 (citing 11 C.F.R. § 103.3(b)(2) (emphasis added) (italics in original)).

⁸⁰ Glenn F. Bunting and Ralph Frammolino, “Democratic Party Lacks Funds to Repay Donors Finances: DNC Keeps Finding Contributions It Must Return Even As It Runs Up at Least \$10 Million in Debt,” *Los Angeles Times*, March 2, 1997, at A1.

⁸¹ Connie Cass, “Cash-Strapped Democrats Haven’t Returned Tainted Checks Yet,” *Associated Press*, March 12, 1997.

From June 28, 1997, through October 30, 1997, the DNC returned or disgorged an additional \$286,300,⁸² including two illegal contributions from Manlin Fong, Yah Lin “Charlie” Trie’s sister, totaling \$22,500⁸³ and a \$100,000 contribution from Global Resource Management, Inc. of Dublin, Ohio, due to concerns that it may have originated with a foreign source.⁸⁴

In a letter to the FEC dated March 25, 1998, the DNC disgorged an additional \$78,200 to the U.S. Treasury in the wake of the federal grand jury indictments of Yah Lin “Charlie” Trie and Maria Hsia.⁸⁵ The DNC indicated that “. . . certain contributions that, at the time they were received, did not appear to be unlawful, were in fact contributions made in the name of another.”⁸⁶ Contributions returned included those of David Wang and Daniel Wu,⁸⁷ both of whom made conduit contributions at the request of Antonio Y.P. Pan,⁸⁸ an ex-Lippo executive⁸⁹ and business associate of Trie.⁹⁰

On July 24, 1998, after the federal grand jury indictments of Pauline Kanchanalak and Duangnet “Georgie” Kronenberg, the DNC returned \$105,000 of Kronenberg’s \$114,000 in contributions.⁹¹ This brings the total of returned or disgorged contributions to at least \$3,766,324.

Although the DNC’s contribution review ignored the 1992 election cycle,⁹² the review—conducted by Debevoise & Plimpton, Ernst & Young and IGI at the direction of

⁸² This figure does not include \$1,900 returned pursuant to the DNC’s self-imposed \$100,000 contribution limit. See Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 8-9; Letter from Judah Best, Esq. to Richard D. Bennett, Esq., March 13, 1998 (confirming the DNC’s return of Global Resources Management, Inc.’s \$100,000 contribution) (Exhibit 14).

⁸³ Letter from Joseph E. Sandler, Esq. to Lawrence M. Noble, Esq., October 20, 1997 (enclosures omitted) (disgorging Manlin Fong’s contributions to the DNC totaling \$22,500) (Exhibit 15).

⁸⁴ Ex. 14 Letter from Judah Best, Esq. to Richard D. Bennett, Esq., March 13, 1998 (confirming the DNC’s return of Global Resources Management, Inc.’s \$100,000 contribution); Karen Gullo, “Democratic Party Returns \$100,000 Donation from Ohio Firm,” *Associated Press*, October 29, 1997.

⁸⁵ Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; see also *See* Federal Grand Jury Indictment of Yah Lin “Charlie” Trie, U.S. District Court for the District of Columbia, January 28, 1998; Federal Grand Jury Indictment of Maria Hsia, U.S. District Court for the District of Columbia, February 28, 1998.

⁸⁶ *Id.*

⁸⁷ *Id.*

⁸⁸ *Conduit Payments to the Democratic National Committee Before the House Committee on Government Reform and Oversight*, 105th Cong., 1st Sess. 252-259 (1997) (Testimony of David Wang, October 9, 1997).

⁸⁹ Tati Group (a company controlled by the Lippo Group) Business Card of Antonio Pan (Exhibit 16).

⁹⁰ Daihatsu International Trading, Inc. Business Card of Chief Executive Officer Antonio Pan (Exhibit 17).

⁹¹ Letter from Joseph E. Sandler, Esq. to Lawrence M. Noble, Esq., July 24, 1998 (Exhibit 18); see also Amy Keller, “Burton Eyes Unreturned DNC Cash,” *Roll Call*, July 20, 1998; cf. Federal Grand Jury Indictment of Pauline Kanchanalak and Duangnet Kronenberg, U.S. District Court for the District of Columbia, July 13, 1998.

⁹² See Committee Deposition of Joseph E. Sandler, Esq., May 14, 1998, 27-28.

the DNC—gathered or attempted to gather relevant information to assist the DNC in determining whether to return a particular contribution. At a minimum, the DNC’s review resulted in a much needed revamping of the DNC’s compliance and fundraising guidelines.⁹³

The efficacy of the DNC’s review notwithstanding, the DNC has failed to abide by its self-imposed and publicly professed guidelines regarding the return of contributions. This failure is disturbing and raises serious questions regarding the sincerity of the DNC’s desire to police itself. Particularly troubling is the fact that the DNC in many instances—detailed below—has given itself the benefit of the doubt regarding the legality or appropriateness of a contribution without justification. It must be remembered that the DNC did not embark on the contribution review as a self-initiated act of reformation. The context is critical: the review was initiated only after hundreds (if not thousands) of press articles closely scrutinizing the Democrats fund-raising excesses.

For example, as a matter of DNC practice, the fact that a contributor has invoked his or her Fifth Amendment privilege against self-incrimination to the House, Senate or the DOJ has absolutely no bearing on whether the DNC retains or disgorges a contribution,⁹⁴ notwithstanding the fact that—as a matter of common sense—an individual’s invocation of the Fifth Amendment regarding a contribution at a minimum casts doubt on the legality of that contribution.⁹⁵

On several occasions, when the DNC could not obtain sufficient information to confirm the legality or appropriateness of a contribution, the contribution was retained. Initially, the DNC represented that it was placing the burden on itself to demonstrate why a contribution should be retained, but in actuality, the DNC has repeatedly shifted the burden to the press and congressional investigators to demonstrate why a contribution should be returned.

II. ILLEGAL AND SUSPECT CONTRIBUTIONS RETAINED OR BELATEDLY DISGORGED BY THE DEMOCRATIC NATIONAL COMMITTEE AND STATE DEMOCRATIC PARTIES

The following enumerates and discusses contributions retained or belatedly disgorged by the DNC, Democratic Senatorial Campaign Committee (“DSCC”), Democratic Congressional Campaign Committee (“DCCC”) and state Democratic parties. Almost all of the contributions at issue are presently in the coffers of the original recipients. However, a few of the contributions discussed in this report were belatedly disgorged to

⁹³ Ex. “DNC Chairs Romer and Grossman Announce New Compliance Procedures and Results of DNC Internal Review,” DNC Press Release, February 28, 1997, at 2.

⁹⁴ See, e.g., John Huang, Jane Huang, Duangnet Kronenberg, David Wang, and Bie Chuan Ong.

⁹⁵ Duangnet Kronenberg, David Wang, and Bie Chuan Ong—just to name a few—invoked their Fifth Amendment privilege against self-incrimination to the Committee, but that invocation did not result in the return of their contributions by the DNC in response to the invocation. All of their contributions were illegal.

the U.S. Treasury long after publicly available information should have put the recipient on notice of the contribution's questionable origins.

Contributions to Republican causes are notably absent from the following discussion for good reason. While it is safe to assume that mistakes are made during every election cycle by both the Democratic and Republican parties, it is no fluke that the Republican party has returned only \$150,000 in contrast to the approximately \$3,766,324 returned by the Democratic Party. These Republican foreign contributions were immediately returned by the RNC when identified in contrast to the months and even years it has taken the DNC to return suspect contributions. There were no such foreign contributions in the 1996 election cycle at the RNC.

The fact is, after almost two years of investigating the foreign money scandal, it is clear that the problem of foreign money being funneled into elections was largely—overwhelmingly—focused on the Democratic party. It is not only the committee which has focused on the foreign money in the Democratic party—the press and even the Justice Department task force has overwhelmingly focused on the illegal foreign money in the Democratic party. Attempts by defensive Democrats to shift attention from this fact ignore the simple truth that if you follow the foreign money trail, all roads lead overwhelmingly to Democratic coffers.

What explains the vast disparity between the illegal money received by Republicans and Democrats? Some of the blame most certainly lies with the contribution vetting procedures—and lack thereof—employed by the DNC from mid-1994 through the 1996 Presidential election. The failings of that system have been well documented in other forums.⁹⁶ Perhaps more importantly, as evidenced by the DNC's own contribution review and the congressional campaign finance investigations, the overwhelming majority of all contributions determined illegal or inappropriate by the DNC can be tied—to varying degrees—to a handful of players who were welcomed by the DNC and the White House into their inner circle of fund-raisers and contributors including: Yah Lin “Charlie” Trie, Pauline Kanchanalak, Maria Hsia, Johnny [Chien Chuen Chung](#) and, most notably, James Riady and his protégé, John Huang.

As discussed in the following excerpt of DNC General Counsel Joseph Sandler's deposition, John Huang was hired by the DNC at the direct request of President Clinton in response to James Riady's complaint that Huang was not being properly utilized at the Department of Commerce:

Sandler: Mr. Huang told me that there was a meeting in the fall of 1995 at the White House that was attended by himself, Mr. James Riady, the President, Bruce Lindsey, and C. Joseph Giroir; and that during that meeting Mr. Riady made the point that Mr. Huang's talents and

⁹⁶ See, e.g., *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rep. No. 167, 195th Cong., 2d Sess., vol. 1, 167-190 (1998).

abilities were not being well utilized in his then current position at the Commerce Department and he could be helpful in some other way. Mr. Huang told me that someone suggested--and he wasn't sure if it was himself or Riady or somebody else in the room--that Mr. Huang's capacity to help the administration and re-election effort could be best used if he was given a position at the DNC. And then I was told--well, there were various reports of this, but I was told at some point--I don't remember exactly by who [sic]--that the President spoke to Mr. Rosen and suggested that Mr. Huang be hired by the DNC. . . . Mr. Ickes advised [the DNC] through White House counsel that his recollection was that . . . that Mr. Lindsey spoke to Mr. Ickes following this meeting, and that Mr. Ickes then spoke to Mr. Rosen and Mr. Fowler about the hiring of Mr. Huang. The recollection of others differs on that score

* * *

Sandler: . . . Mr. Fowler indicated to me . . . that essentially Marvin Rosen and Richard Sullivan showed up in his office with John Huang, and maybe having previously mentioned it to him or talked to him, and talked about the hiring of John Huang and the terms of his employment position and so forth, and that the Chairman [Fowler] agreed to hire him at that point

* * *

Counsel: All right. Did Mr. Huang tell you what else was discussed at that particular meeting?

Sandler: [Huang] indicated to me that the basic purpose of the meeting was to visit, social in nature, and that the main substantive point that he recalled being discussed--he gave me the impression that the point that Mr. Riady wanted to convey to the President was what I've already testified to, that Mr. Huang's abilities were being wasted at Commerce. In effect, he said something to the effect that he was a pencil pusher and that he should be utilized in some other way.

Counsel: Mr. Riady told the President that?

Sandler: Yes.

* * *

Counsel: All right. Did Mr. Riady initiate the meeting? Was the meeting held at the behest of Mr. Riady?

Sandler: Yes.

* * *

Counsel: I presume--the meeting was held at the White House; correct?

Sandler: Yes.

* * *

Counsel: Was the discussion of Mr. Huang moving from the Department of Commerce to the DNC the primary purpose of the meeting?

Sandler: Mr. Huang gave me the impression that, apart from just a social chit-chat, visiting and so forth, that that was the principal substantive discussion that Mr. Riady wanted--had and wanted to have with the President.⁹⁷

Even his position and title were specifically created for him. DNC General Counsel Sandler testified of his concern:

Sandler: There was a discussion. . . . John Huang had requested business cards with the title, Vice Chair, Finance, of the Democratic National Committee. Our administrative person, . . . came to me, because this was an unusual request, and said is this proper, is this--you know, can we do this, and I raised a question. . . . I had some concerns about whether it was appropriate to give somebody a title for a position that did not, in fact, exist, and I was concerned because there are Vice Chairs of the Democratic National Committee who are elected or who have official positions under our Charter. . . . We also have a National Finance Chair, and we also have Chairs of various Donor Councils, and those are lay positions. I was concerned about a staff person having this position No staff person has such a title

* * *

Sandler: And I also discussed it with Richard Sullivan.

Counsel: All right. And what was the substance of those conversations?

Sandler: My recollection is that I raised concerns, you know, these concerns with Mr. Watson and with Mr. Sullivan; that Mr. Sullivan indicated that this was important that Mr. Huang have this title for his work in the Asian-Pacific-American community; and, you know, it was my feeling that it wasn't so--my concerns were not of a legal nature or otherwise so compelling as to insist that the cards not be printed with that title in view of Mr. Sullivan's belief that it was important that Mr. Huang have the business cards.

Counsel: All right. So, having voiced your concern, you ultimately acceded to the request of Mr. Sullivan--

⁹⁷ *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, 105th Cong., 1st Sess., Deposition of Joseph E. Sandler, Esq., May 15, 1997, 16-17 and 21-23 (emphasis added).

Sandler: Yes.

Counsel: . . . that . . . Mr. Huang be given that title, correct?

Sandler: Yes, or have business cards with that title.⁹⁸

John Huang began his employ at the DNC as Vice Chairman for Finance, on December 4, 1995.⁹⁹

John Huang raised \$3,422,850 during the 1996 election cycle.¹⁰⁰ Prior to the launching of the DNC's contribution review in late November 1996, the DNC returned \$1,298,800 in contributions raised by Huang¹⁰¹ and on February 28, 1997, announced the return of an additional \$324,550 raised by Huang.¹⁰²

Huang's fund-raising prowess was beyond question as early as 1993, two years before Huang began his employ at the DNC. Then-Lippo executive Huang attended the September 27, 1993, DNC reception/fund-raiser in Los Angeles and received high praise from Vice President Gore for his fund-raising:

And to my friend John Huang and his wife Jane, thank you for being a long time friend and ally. We go back a long time We are long time friends, and John has been a very faithful and meaningful, productive supporter of the efforts being made by our party, and I want to publicly thank you.¹⁰³

President Clinton similarly praised Huang for his organization of the February 19, 1996, DNC fund-raiser held at the Hay Adams Hotel in Washington, D.C.:

I am virtually overwhelmed by this event tonight. I should have learned by now, I have known John Huang a very long time. At least to be as young as we are, we have known each other a long time. And when he told me this event was going to unfold as it has tonight, I wasn't quite sure I believed him, but he has never told me

⁹⁸ *Id.* at 93-95.

⁹⁹ DNC Personnel Change Authorization for John Huang, December 4, 1995, D 0000005 (Exhibit 19). When allegations of illegal fund-raising surfaced in October 1996, regarding Huang, he fled D.C. He later sought and received reimbursement from the DNC for his travel expenses during this period. In his DNC expense report covering October 11, 1996, through October 15, 1996, Huang described the purpose of his travel as "stayed away from D.C. return home for materials." *See generally* DNC Expense Report of John Huang, October 20, 1996, 0000053 (Exhibit 20); E Ticket Receipt and Itinerary, 0000054 (Exhibit 21).

¹⁰⁰ Ex. 1 DNC Summary of In-Depth Contribution Review, at 5.

¹⁰¹ *Id.*

¹⁰² *Id.*; *see generally* DNC Note from DNC Chairman Donald Fowler to John Huang, July 4, 1996, DNC 0662886 (praising him for his fund-raising work and encouraging him to do more) (Exhibit 22).

¹⁰³ WHCA Audiotape of Karatz Residence/DNC Reception, September 27, 1993.

anything that didn't come to pass, and all of you have made it possible, and I want you to know I am very grateful to you.¹⁰⁴

Of the approximately \$706,000 raised at this event, the DNC has already returned or disgorged at least \$190,000, 27% of the total raised.¹⁰⁵ This report enumerates an additional \$152,500 raised in conjunction with the Hay Adams event that should be returned or disgorged by the DNC, bringing the total to at least 49% of the total raised.

The willingness—perhaps eagerness—of the DNC and the President to employ and entrust John Huang as a key fund-raiser is of particular import. The behind the scenes machinations of Huang are not completely known at this point. However, one thing is clear: of all the individuals implicated in the fund-raising scandal, John Huang's name surfaces more than any other. (The fact that the DOJ does not appear to have actively pursued Huang is equally troubling and is not altogether an unrelated issue.)¹⁰⁶ In fact, the check tracking forms completed by Huang for each contribution raised by him provided Committee investigators with a blueprint for the campaign finance investigation.¹⁰⁷ In sum, the Republican Party has not suffered equally in the campaign finance scandal because it did not employ an equivalent of John Huang—the individual around which the current campaign finance scandal revolves¹⁰⁸—with direct ties to the President's close friend James Riady and the President himself.

Most of the individuals and entities referenced in the following discussion have previously been the subject of the DNC's contribution review or the campaign finance investigations of the DOJ. In some instances, the information referenced was obtained by Committee subpoena and was, of course, unavailable to the DNC—and other political

¹⁰⁴ WHCA Videotape of Hay Adams Event, February 19, 1996. It is unclear when the President had the conversation with John Huang referenced in the excerpt, but from the context of the President's statement it appears that Huang estimated the dollar amount to be raised at the February 19, 1996, event. Huang was involved in the following Asian American fund-raisers: February 19, 1996, President of the United States ("POTUS"), Washington, D.C.; April 29, 1996, Vice President of the United States ("VPOTUS"), Los Angeles, California; May 13, 1996, POTUS, Washington, D.C.; July 22, 1996, POTUS, Los Angeles; July 30, 1996, POTUS, Washington, D.C.; September 18, 1996, VPOTUS, San Francisco, California; August 1996, POTUS, Washington, D.C. See DNC Memorandum from Richard Sullivan to Chairman Fowler, October 21, 1996 DNC 1227104 (Exhibit 23).

¹⁰⁵ Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9.

¹⁰⁶ See generally Roberto Suro, "Prosecutors' Approach to Huang Signals Shift in Campaign Probe," *Washington Post*, October 2, 1998, at A17.

¹⁰⁷ See, e.g., DNC Check Tracking Form for the July 19, 1996, Contribution of Dae Hee Hong, 001034 (Exhibit 24); DNC Check Tracking Form for the August 1, 1994, Contributions of Kenneth R. Wynn, DNC 1276339 and DNC 1276340 (Exhibit 25).

¹⁰⁸ See generally Roberto Suro, "Prosecutors' Approach to Huang Signals Shift in Campaign Probe," *Washington Post*, October 2, 1998, at A17 ("Following the 1996 election, however, the DNC returned \$1.6 million raised by Huang because it came from foreign nationals, who are ineligible to make campaign contributions, or because the origin of the money was cloudy. Since then, Huang has been at the center of allegations ranging from the relatively minor claim that the DNC failed to adequately screen donations to the still-unsubstantiated charges that the government of China attempted to influence the 1996 election by directing money to the Clinton campaign.").

committees—for its benefit during the contribution review. Committee interviews and depositions have also been referenced. This information is intended to assist political committees in their review of contributions. Some of the information provided was produced to the Committee by the DNC itself. Finally, much of the information is accessible from publicly available databases similar to the ones employed by the DNC during its contribution review.

Since many of the key fund-raisers involved have refused to cooperate with the investigation, the committee has in large part focused on following the money. While this is a more labor intensive effort than having a cooperative witness who might explain the various funding schemes and conduit efforts, the committee has uncovered hundreds of thousands of dollars in political contributions which should be returned because of the illegal or questionable sources of such funds. Much of this money should have been returned months—even years ago. The Committee’s investigation continues and has come a long way since the early days of the campaign finance scandal when the DNC and Democratic Members of Congress cynically deflected the legitimate inquiries regarding illegal foreign money as “Asian bashing” and said there were no illegalities involved.

The contributions addressed below are divided into two separate categories: illegal and suspect. In the following context, illegal contributions are those that the Committee has sufficient evidence to conclude—100% certainty is not the operative standard of the DOJ, the Committee or the DNC—were made in violation of the Act. Illegal contributions should be disgorged to the U.S. Treasury pursuant to FEC regulations and DNC practice.¹⁰⁹ Suspect contributions are those that fall under one of two categories derived from DNC policy: (1) contributions for which the Committee has been unable to obtain sufficient information to verify its legality or appropriateness as defined by the DNC and/or (2) contributions which may be inappropriate—as defined by the DNC—for the recipient to retain. Suspect contributions should be returned to the contributor or disgorged to the U.S. Treasury pursuant to federal regulations and DNC practice.¹¹⁰ The Committee welcomes any information—consistent with or contradictory to information gathered to date—that may assist it in determining the legality or appropriateness of a contribution.

LIPPO GROUP RELATED CONTRIBUTIONS DURING THE 1992 ELECTION CYCLE

A. Contributions by James Riady, John Huang and Their Spouses During the 1992 Election Cycle

James Riady \$325,000 and Aileen Riady \$125,000 (Suspect)

¹⁰⁹ See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; Ex. Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998; Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9.

¹¹⁰ *Id.*

On August 12, 1992, the Lippo Group through Hip Hing Holdings, Ltd. (“Hip Hing Holdings”), a Lippo Subsidiary,¹¹¹ contributed \$50,000 to the DNC.¹¹² Five days later, on August 17, 1992, John Huang and Agus Setiawan, then-Lippo/Hip Hing Holdings employees, co-authored a memo to fellow Lippo employee Mrs. Ong Bwee Eng requesting that she “[p]lease kindly wire a reimbursement from Lippo Group Indonesia in the amount of \$50,000 specifically for the DNC contribution.”¹¹³ (The DNC returned this \$50,000 contribution in 1997 after it was detailed in a Senate hearing.)¹¹⁴

On August 13, 1992, Lippo Group Deputy Chairman James Riady¹¹⁵ and his wife Aileen contributed a total of \$30,000 to the DNC¹¹⁶ and \$10,000 to the California Democratic Party.¹¹⁷ The following day, then-Governor Bill Clinton—on his way to a fund-raiser—took a five minute car ride with James Riady as discussed in an August 14, 1992, memorandum from then-campaign aide Melinda Yee to then-Governor Bill Clinton which states:

James Riady is the Deputy Chairman of Lippogroup [sic] and a long-time acquaintance of yours. The group is in financial services in the U.S. and throughout Asia. Mr. Riady lived in Arkansas from 1985-1987 when he was president of Worthen Bank in Little Rock.

He has flown all they [sic] way from Indonesia, where he is now based, to attend the fundraiser. He will be giving \$100,000 to this event and has the potential to give much more. He will talk to you about banking issues and international business. This is primarily a courtesy call.¹¹⁸

Over the following weeks leading up to the November election, James and Aileen Riady

¹¹¹ *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, 105th Cong., 1st Sess., Part II, S. Hrg. 105-300, 3 (1998) (Testimony of Juliana Utomo, July 15, 1997).

¹¹² LippoBank Check No. 2397 from Hip Hing Holdings to the DNC Victory Fund Non-Federal Account in the Amount of \$50,000, August 12, 1992, HHH 1263 (Exhibit 26).

¹¹³ Memorandum from John Huang and Agus Setiawan to Mrs. Ong Bwee Eng, August 17, 1992, HHH 0238 (Exhibit 27).

¹¹⁴ James Rowley, “The Senate Investigation of Campaign Fund-raising Abuses,” *Associated Press*, July 15, 1997; Lynn Sweet, “Democrats to Return \$50,000 Foreign Contribution,” *Chicago Sun-Times*, July 16, 1997, at 31.

¹¹⁵ Memorandum from Melinda Yee to Governor Bill Clinton, August 14, 1992 (Exhibit 28).

¹¹⁶ LippoBank Checks from James T. and Aileen Riady to the DNC, August 13, 1992, HHH 1360 (Exhibit 29); *see also* <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from Federal Election Commission (“FEC”) Data, Last Updated September 10, 1998.

¹¹⁷ Ex. 29 LippoBank Checks from James T. and Aileen Riady to the California Democratic Party, August 13, 1992, HHH 1360; <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from Federal Election Commission (“FEC”) Data, Last Updated September 10, 1998 (attributing James T. Riady’s \$5,000 contribution to the California Democratic Party to Aileen Riady).

¹¹⁸ Ex. 28 Memorandum from Melinda Yee to Governor Bill Clinton, August 14, 1992, CG92B 00543 (emphasis added); *see also* Schedule of Gov. Bill Clinton, August 14, 1992, CG92B 01461 (Exhibit 30).

contributed an additional \$410,000 to state Democratic parties¹¹⁹ bringing the total to \$450,000 as detailed below:

<u>Name</u>	<u>Check Date</u> ¹²⁰	<u>FEC Date</u> ¹²¹	<u>Recipient</u>	<u>Amount</u>
James T. Riady	08/13/92	09/04/92	California Democratic	
Party \$5,000				
James T. Riady	08/13/92	08/17/92	DNC	
\$15,000				
James T. Riady	09/30/92		Michigan Democratic Party	
\$75,000				
James T. Riady	10/05/92		Ohio Democratic Party	
\$75,000				
James T. Riady	10/08/92		Arkansas Democratic Party	
\$5,000				
James T. Riady	10/08/92	10/27/92	Arkansas Democratic Party	
\$75,000				
James T. Riady	10/12/92		Louisiana Democratic Party	
\$75,000				
Aileen Riady	08/13/92	09/04/92	California Democratic	
Party \$5,000				
Aileen Riady	08/13/92	08/17/92	DNC	
\$15,000				
Aileen Riady	10/08/92	10/27/92	Arkansas Democratic Party	
\$5,000				
Aileen Riady	10/12/92		Georgia Democratic Party	
\$50,000				
Aileen Riady	10/15/92	10/29/92	North Carolina Democratic	
Party \$50,000				

After the election, the Riadys contributed \$286,000 to the Presidential Inaugural Committee,¹²² \$86,000 of which was given through John Huang,¹²³ then-Lippo executive

¹¹⁹ LippoBank Checks from James and Aileen Riady to Various State Democratic Parties, September 30, 1992, through October 15, 1992, HHH 1363 (Exhibit 31); *see also* <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

¹²⁰ Throughout this document, the “Check Date” is taken directly from the contribution check.

¹²¹ The “FEC Date” is taken from FEC data as provided at <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998. *See also* www.tray.com. Experience demonstrates that the date on the contribution check usually leads the FEC date by anywhere from one day to a month.

¹²² LippoBank Checks from James T. and Aileen Riady to the Presidential Inaugural Committee, November 20, 1992, HHH 1361 (Exhibit 32); LippoBank Checks from John and Jane Huang to the Presidential Inaugural Committee, January 5, 1993, 001298, 001300, 001302, and 001304 (John Huang accidentally dated check no. 1117 January 5, 1992, instead of January 3, 1992.) (Exhibit 33); LippoBank Check from Bank of Trade to John Huang in the Amount of \$86,000, January 12, 1993, and LippoBank Deposit Ticket of John Huang in the Amount of \$86,000, January 13, 1993, L 003318-L 003319 (Exhibit 34).

¹²³ Ex. 33 LippoBank Checks from John and Jane Huang to the Presidential Inaugural Committee, January 5, 1993, 001298, 001300, 001302, and 001304 (John Huang accidentally dated check no. 1117 January 5, 1992, instead of January 3, 1992.); Ex. 34 LippoBank Check from Bank of Trade to John Huang in the

and co-director of Hip Hing Holdings, Ltd.¹²⁴ The Riadys and the Lippo Group contributed a total of \$786,000 to Democratic causes during the closing months of 1992.¹²⁵

DNC officials testified that the 1992 vetting system involved an entire group of DNC staff of six to 10 people and DNC General Counsel Joseph Sandler testified that “for the 1992 election a procedure known as Major Donor Screening Committee” was in

Amount of \$86,000, January 12, 1993, and LippoBank Deposit Ticket of John Huang in the Amount of \$86,000, January 13, 1993, L 003318-L 003319. The Presidential Inaugural Committee is not bound by the same contribution restrictions as political committees such as the DNC and state Democratic parties.

¹²⁴ Hip Hing Holdings Certificate of Incorporation, State of California, HHH 0243 (Exhibit 35).

¹²⁵ It should be noted that the ethnic-Chinese Riady family, whose future is very closely tied to the Most Favored Nation (“MFN”) trading privilege for China and the development of Asian markets, made these contributions at a time when then-presidential candidate Clinton was linking the grant of MFN privilege for China to human rights. Several months after Bill Clinton was settled in the White House, Mochtar Riady sent him a confidential letter dated March 9, 1993, in which he implored the President to reverse his campaign stance on MFN. The letter states in pertinent part:

You have continued to positively surprise . . . close friends like me. I appreciate the many kind attention [sic] and courtesies that you have extended to me, my family, and my son, James. I also very much enjoyed and appreciated the very private personal time you and Hillary gave to my family during your busy schedule on Inauguration day.

Riady urged President Clinton to:

Normalize relations with Vietnam. As we speak, I have two of my managers in Vietnam exploring business opportunities. They have been rubbing shoulders with American businessmen, who can now sign deals with Vietnam, but are still prevented from implementing those contracts. . . . Continue economic engagement with China. Washington has implemented over the past decade a policy of promoting Chinese economic reforms while, on a parallel track, pushed for political reforms. If Most Favored Nation status is withdrawn from, or other negative policies are adopted for China by the U.S., it was argued, Chinese entrepreneurs in effect, those pushing hardest for reforms would be hurt the most. I subscribe to the logic behind this argument, and would urge that these basic principles be maintained. We strongly believe, as do many others, that the best way of achieving political reform in China is through capitalist interaction.

Letter from Dr. Mochtar Riady to President Bill Clinton, March 9, 1993, EOP 003036-EOP 003039 (Exhibit 36). Of course, President Clinton softened his position soon after taking office in early 1993; President Clinton approved MFN for China on May 27, 1993. In 1994 he completely “de-linked” China’s MFN trading privilege from its human rights record. While many would certainly argue that there are sound policy reasons for the extension of MFN status for China, President Clinton is one of the rare politicians to have so dramatically altered his position on this controversial issue. *See generally* Choi Hak Kim, “Mochtar Riady, a Man of Insight,” *Forbes* (Chinese Language Edition), October 1993; David Lauter, “Clinton Blasts Bush’s Foreign Policy Record,” *Los Angeles Times*, August 14, 1992, at A1; Jim Mann, “Clinton Ties China’s Trade in Future to Human Rights, Asia: He Extends Favored-nation Status; Legislators Back Demand That Beijing Improve Policies by Next Year,” *Los Angeles Times*, May 29, 1993, at A1; “Clinton Says China’s Favored Trade Status Will Be Renewed for 1 Year,” *Chicago Tribune*, May 28, 1993, at 4; John M. Broder and Jim Mann, “Clinton Reverses His Policy, Renews China Trade Status, Commerce: President ‘De-Links’ Most-Favored-Nation Privilege from Human Rights. He Admits Failure of Earlier Course and Says Broader Strategic Interests Justify Switch,” *Los Angeles Times*, May 27, 1994.

place.¹²⁶ However, the Committee has received no evidence to indicate that certain large contributions were vetted in 1992, notably those from the Riadys and their related companies and employees. And because the Riadys' contributions were made in 1992, they were not subject to the DNC's contribution review.¹²⁷ None of the Riady contributions have been returned by the DNC or the state parties.¹²⁸

During his years as a Lippo employee, John Huang determined where the Riadys should direct their political contributions. In a February 17, 1993, memorandum to then-Deputy Assistant to the President and Deputy Director of Presidential Personnel John Emerson, then-DNC Executive Committee member Maeley Tom wrote:

John Huang, Executive Vice President of Lippo Bank [sic], is the political power that advises the Riady family on issues and where to make contributions. [The Riadys] invested heavily in the Clinton campaign. John is the Riady family's top priority for placement because he is like one of their own.¹²⁹

Huang was eventually placed at the Department of Commerce.¹³⁰

FEC data does not record any political contributions by the Riadys in their personal capacities after 1992.¹³¹ However, DNC documents suggest that the Riadys may have

¹²⁶ *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rep. No. 167, 105th Cong., 2d Sess., vol. 1, 169 (1998).

¹²⁷ See Committee Deposition of Joseph E. Sandler, Esq., May 14, 1998, 27-28.

¹²⁸ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

¹²⁹ Letter from Maeley Tom to John Emerson, February 17, 1993 (emphasis added) (Exhibit 37).

¹³⁰ John Huang began his employ at the Department of Commerce on July 18, 1994. See Memorandum from Charles F. Meissner to Ann Hughes, et al., July 15, 1994 (Exhibit 38).

¹³¹ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998. The Wiriadianas' illegal conduit contributions to the DNC during the 1996 election cycle appear to be linked to the Riadys:

Bank records received by the Committee provide strong evidence that Hasjim Ning, co-founder of Lippo and longtime friend of Mochtar and James Riady, or James Riady directed \$450,000 in foreign money to the DNC and Democratic campaigns through Dr. Ning's daughter Soraya Wiriadinata and her husband Arief Wiriadinata, a landscape architect in northern Virginia. These payments followed correspondence between President Clinton and Mr. Ning and preceded a visit by Arief Wiriadinata with President Clinton at the White House on December 15, 1995, at which time he told that President that "James Riady sent me." WHCA Videotape of White House Coffee, December 15, 1995; White House Wave Record for Arief Wiriadinata (Exhibit 39). President Clinton responded, "Yes. I'm glad to see you. Thank you for being here." *Id.*

In June 1995, Dr. Ning suffered a heart attack while visiting the Washington, D.C. area and as a result was hospitalized in northern Virginia. Alan C. Miller, "Controversy Swirls Over Donation to Democrats," *Los Angeles Times*, October 14, 1996, at A1. During Dr. Ning's hospitalization, James Riady personally requested that President Clinton send Ning a "get well" card. Ruth Marcus and Charles R. Babcock, "Visit Spurred Indonesians' Gift, Says DNC; Party Offers Explanation for \$425,000 Donation From Couple Who Never Gave Before," *Washington Post*, October 12, 1996, at A21. Mark Middleton

hand delivered the requested card dated June 19, 1995 to Dr. Ning which stated: ¶I was so sorry to learn of your health problems. You are in my thoughts and prayers during this difficult time.¶ Id.; Letter from President Bill Clinton to Dr. Hasjim Ning, June 19, 1995, DNC 1227204 (Exhibit 40). After recuperating and returning to Indonesia, Dr. Ning responded to President Clinton in a letter dated September 5, 1995 which stated in part: . . . ¶I thank you for your prayers and concern. I also thank you for sending Mr. Mark Middleton to visit me at that time¶ Letter from Dr. Hasjim Ning to President Bill Clinton, September 5, 1995, DNC 1227205 (Exhibit 41). In a letter dated November 8, 1995, President Clinton again wrote Dr. Ning: ¶You have been in my thoughts, and Hillary joins me in sending best wishes for your continued recovery.¶ Letter from President Bill Clinton to Dr. Hasjim Ning, November 8, 1995, DNC 1227206 (Exhibit 42). John Huang, who knew Dr. Ning from their mutual association with Lippo, also visited him during his hospitalization. Alan C. Miller, "Controversy Swirls Over Donation to Democrats," *Los Angeles Times*, October 14, 1996, at A1; Richard T. Cooper, "How DNC Got Caught in a Donor Dilemma," *Los Angeles Times*, December 23, 1996, at A1. During his visit, Huang met Arief and Soraya Wiriadinata. Huang recalls that the Wiriadinatas subsequently ¶expressed an interest in supporting the Democratic party and the President, and [he] suggested that they contribute to the DNC.¶ Id. The contributions from the Wiriadinatas began in the fall of 1995.

On November 2, 1995, Arief and Soraya Wiriadinata opened separate checking accounts at the First Union National Bank of Virginia ("First Union"). First Union Account Statement of Arief Wiriadinata, November 2, 1995 (Exhibit 43); First Union of Virginia Account Statement of Soraya Wiriadinata, November 2, 1995 (Exhibit 44). The next day, on November 3, 1995, Ms. Soraya Wiriadinata received a \$250,000 wire transfer from Dr. Ning in Jakarta, Indonesia. Ex. 44 First Union of Virginia Account Statement of Soraya Wiriadinata, November 2, 1995. Similarly, Mr. Arief Wiriadinata received a \$250,000 wire transfer from Dr. Ning on November 7, 1995. Ex. 43 First Union of Virginia Account Statement of Arief Wiriadinata, November 2, 1995.

From November 1995-July 1996, Mr. Wiriadinata and Ms. Wiriadinata each contributed \$1,000 to Jackson for Congress and \$226,000 to the DNC from their personal checking accounts at First Union. First Union Check from Arief Wiriadinata to the DNC in the Amount of \$15,000, November 8, 1995 (Exhibit 45); First Union Check No. 1001 from Arief Wiriadinata to Jackson for Congress in the Amount of \$1,000, November 20, 1995 (Exhibit 46); First Union Check No. 1005 from Arief Wiriadinata to the DNC in the Amount of \$25,000, December 11, 1995 (Exhibit 47); First Union Check No. 1010 from Arief Wiriadinata to the DNC in the Amount of \$10,000, December 15, 1995 (Exhibit 48); First Union Check No. 1015 from Arief Wiriadinata to the DNC in the Amount of \$25,000, February 15, 1996 (Exhibit 49); First Union Check No. 1016 from Arief Wiriadinata to the DNC in the Amount of \$25,000, May 22, 1996 (Exhibit 50); First Union Check No. 1020 from Arief Wiriadinata to the DNC in the Amount of \$25,000, May 12, 1996 (Exhibit 51); First Union Check No. 1023 from Arief Wiriadinata to the DNC in the Amount of \$25,000, June 25, 1996 (Exhibit 52); First Union Check No. 1025 from Arief Wiriadinata to the DNC in the Amount of \$25,000, June 6, 1996 (Exhibit 53); Ex. 43 First Union Account Statement of Arief Wiriadinata, November 2, 1995; First Union Account Statement of Arief Wiriadinata, November 16, 1995 (Exhibit 54); First Union Account Statement of Arief Wiriadinata, December 15, 1995 (Exhibit 55); First Union Account Statement of Arief Wiriadinata, January 18, 1996 (Exhibit 56); First Union Account Statement of Arief Wiriadinata, February 15, 1996 (Exhibit 57); First Union Account Statement of Arief Wiriadinata, March 16, 1996 (Exhibit 58); First Union Account Statement of Arief Wiriadinata, May 16, 1996 (Exhibit 59); First Union Account Statement of Arief Wiriadinata, June 15, 1996 (Exhibit 60); First Union Account Statement of Arief Wiriadinata, July 18, 1996 (Exhibit 61); First Union Check from Soraya Wiriadinata to the DNC in the Amount of \$15,000, November 8, 1995 (Exhibit 62); First Union Check No. 1004 from Jackson for Congress in the Amount of \$1,000, November 20, 1995 (Exhibit 63); First Union Check No. 1008 from Soraya Wiriadinata to the DNC in the Amount of \$25,000, December 11, 1995 (Exhibit 64); First Union Check No. 1012 from Soraya Wiriadinata to the DNC in the Amount of \$25,000, December 13, 1995 (Exhibit 65); First Union Check No. 1015 from Soraya Wiriadinata to the DNC in the Amount of \$10,000, December 15, 1995 (Exhibit 66); First Union Check No. 1016 from Soraya

contributed—indirectly perhaps through conduits—to the DNC as late as 1994 and 1996.¹³² A June 11, 1994, DNC memorandum from David Mercer to then-DNC Finance Director Richard Sullivan and Fran Wakem discusses an invitation for James Riady to the June 21, 1994, Business Leadership Forum (“BLF”)/White House event (which Riady later attended).¹³³ After listing James Riady as a current member of the BLF—a DNC fund-raising organization and “the principal organization of the nation’s top business leaders supporting the Democratic Party”¹³⁴—and one of the “Members to Confirm,” the

Wiriadinata to the DNC in the Amount of \$10,000, December 18, 1995 (Exhibit 67); First Union Check No. 1022 from Soraya Wiriadinata to the DNC in the Amount of \$25,000, Month and Day Illegible, 1996 (Exhibit 68); First Union Check No. 1024 from Soraya Wiriadinata to the DNC in the Amount of \$25,000, June 7, 1996 (Exhibit 69); First Union Check No. 1026 from Soraya Wiriadinata to the DNC in the Amount of \$25,000, May 10, 1996 (Exhibit 70); First Union Check No. 1028 from Soraya Wiriadinata to the DNC in the Amount of \$25,000, May 10, 1996 (Exhibit 71); DNC Check Tracking Form for First Union Check No. 1029 from Soraya Wiriadinata to the DNC in the Amount of \$25,000, June 27, 1996 (Exhibit 72); Ex. 44 First Union Account Statement of Soraya Wiriadinata, November 2, 1995; First Union Account Statement of Soraya Wiriadinata, November 16, 1995 (Exhibit 73); First Union Account Statement of Soraya Wiriadinata, December 15, 1995 (Exhibit 74); First Union Account Statement of Soraya Wiriadinata, January 18, 1996 (Exhibit 75); First Union Account Statement of Soraya Wiriadinata, February 15, 1996 (Exhibit 76); First Union Account Statement of Soraya Wiriadinata, March 16, 1996 (Exhibit 77); First Union Account Statement of Soraya Wiriadinata, April 17, 1996 (Exhibit 78); First Union Account Statement of Soraya Wiriadinata, May 16, 1996 (Exhibit 79); First Union Account Statement of Soraya Wiriadinata, June 15, 1996 (Exhibit 80); First Union Account Statement of Soraya Wiriadinata, July 18, 1996 (Exhibit 81); First Union Account Statement of Soraya Wiriadinata, August 16, 1996 (Exhibit 82); First Union Account Statement of Soraya Wiriadinata, September 17, 1996 (Exhibit 83); *see also* <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998. Copies of check nos. 1007 and 1013 to the DNC in the totaling \$50,000 were unavailable to the committee. Account statements have been provided in their stead. A copy of check no. 1029 to the DNC in the amount of \$25,000 was unavailable to the Committee. An account statement has been provided in its stead. The political contributions appear to be the primary reason for the establishment of both Arief and Soraya Wiriadinatas’ First Union accounts. In sum, Dr. Ning wired a total of \$500,000 to the Wiriadinatas’ First Union accounts, \$452,000 of which was directed to Democratic causes within seven months.

Dr. Ning died on December 26, 1995. Arief and Soraya Wiriadinata are currently residing in Indonesia.

¹³² With regard to the 1996 election cycle, the ultimate source of the \$200,000 in Bank Central Asia Travelers Checks discovered by the Committee—at least \$50,000 of which was funneled illegally into the DNC—is yet undetermined, but they were disseminated at least in part by former Lippo executive Antonio Pan and Yah Lin “Charlie” Trie, an associate of John Huang, and were purchased by a yet undetermined individual in Jakarta, Indonesia, the international headquarters of the Lippo Group. *See* Discussion of J & M International, Manlin Fong, and Joseph Landon, *infra*; *see generally* Letter from Christopher M. Curran, Esq., Attorney for Bank Central Asia, to Senior Investigative Counsel Tim Griffin, Esq., July 20, 1998 (Exhibit 84).

¹³³ DNC Memorandum from David Mercer to Richard Sullivan and Fran Wakem, June 11, 1994, DNC 1276431-DNC 1276433 (Exhibit 85). John Huang began his employ at the Department of Commerce on July 18, 1994. *See* Ex. 38 Memorandum from Charles F. Meissner to Ann Hughes, et al., July 15, 1994; *see also* United States Secret Service Records for Entry into White House Complex, EOP 055316-EOP 055318 (showing attendance of Riady at June 21, 1994, White House event) (Exhibit 86).

¹³⁴ DNC BLF Document, GROC 000644 (Exhibit 87). According to the DNC, “[m]embership in the [Business Leadership] Forum requires a \$10,000 annual contribution for individuals, or \$15,000 for corporations or PACs. Individuals memberships are non-transferable.” *Id.*

memorandum describes Riady and his relationship with Huang: “FOB; Former president, Wortham [sic] Bank in Little Rock; Clinton/DNC donor thru [sic] John Huang; Huang requested his invitation and that we send it to Huang’s address.”¹³⁵ Huang was not employed by the DNC at this time;¹³⁶ he was still at Lippo. Why was a foreign national who was ineligible to legally contribute under federal election law listed as a DNC donor through John Huang?

On a June 17, 1994, DNC list of “Positive Responses” for the Trustee Gala Reservations, James T. Riady is confirmed for 2 reservations including his guest Aileen Riady and is listed as a member of the BLF.¹³⁷

On June 10, 1996, the DNC held a fund-raiser/dinner at the home of Edie and Lew Wasserman in Los Angeles.¹³⁸ The DNC “commit list” prepared in conjunction with that event list the individuals who pledged to contribute and the amount pledged.¹³⁹ The commit list indicates that Aileen and James Riady pledged to contribute \$15,000 in conjunction with the Wasserman dinner.¹⁴⁰

On September 16, 1996, DNC Chairman Donald L. Fowler wrote James Riady a letter—addressed to the Lippo Village in Tangerrang Indonesia—which provides in pertinent part that:

Thank you very much for sending me the basket of fruit and snacks. It was a wonderful surprise, and I greatly enjoyed its contents.

Your friendship is tremendously important to me in this crucial time. As you know, all of us are working diligently to bring about a huge Democratic victory in November, and your gift reminded me of the support of good Democrats for these efforts.

Thanks again for the thoughtful gift and for all your kindness to Cissy. I look forward to seeing you soon.¹⁴¹

¹³⁵ Ex. 85 DNC Memorandum from David Mercer to Richard Sullivan and Fran Wakem, June 11, 1994, DNC 1276433 (emphasis added).

¹³⁶ Ex. DNC Personnel Change Authorization for John Huang, December 4, 1995, D 0000005.

¹³⁷ DNC List of Positive Responses for Trustee Gala Reservations, June 17, 1994, DNC 1727213-DNC 1727217 (Exhibit 88). Of note is the fact that of all the 55 individuals listed as “Positive Responses” on this list, the only individuals for whom no address, phone number or contact information is listed is James T. Riady. *Id.* at 4.

¹³⁸ See DNC Commit List for June 10, 1996, Dinner at the Wasserman Residence, June 3, 1996, DNC 3088330-DNC 3088334, at 1-5 (Exhibit 89).

¹³⁹ *Id.*

¹⁴⁰ *Id.* at 4.

¹⁴¹ Letter from Donald L. Fowler to James Riady, September 16, 1996, DNC 1728039 (emphasis added) (Exhibit 90). The Committee’s copy of the letter is unsigned.

And on September 18, 1996, DNC Chairman Fowler wrote a thank you letter to both Aileen and James Riady in the wake of a dinner with the President.¹⁴² The letter provides in pertinent part that:

It was a pleasure seeing you at the dinner with the President recently. Your support enables us to continue assisting the Administration in achieving its ambitious agenda. On behalf of the DNC, I am sincerely grateful for your work.

As you know, we are 7 weeks away from the 1996 Presidential Election. We at the DNC are working to strengthen our cooperation with the State Parties, businesses and local leaders. I am confident that with the help of friends like you, we will be victorious in '96 and will continue to move this country forward into the 21st century.

My door is always open to you; please do not hesitate to call on me if I can be of assistance. I look forward to working closely with you in the months ahead.¹⁴³

It deserves mention that letters—even form letters—thanking individuals for their support are generally sent in response to a political contribution. Additionally, though not conclusive of possible post-1992 contributions to the DNC by the Riadys, on March 6, 1996, DNC Chairman Fowler wrote what appears to be a form fund-raising letter to James Riady asking for his support.¹⁴⁴

Although there is no FEC record of Riady contributions after 1992, these documents and the Riadys' attendance at numerous fund-raising events¹⁴⁵ raise logical questions concerning whether and through whom the Riadys contributed to the DNC during the 1994 and 1996 election cycles and who had knowledge of any such schemes.

Due to the fact that neither James nor Aileen Riady are U.S. citizens,¹⁴⁶ the legality of their 1992 contributions is questionable. The Act provides in pertinent part that:

¹⁴² Letter from Donald L. Fowler to James and Aileen Riady, September 18, 1996, F 0040618 (emphasis added) (Exhibit 91). The Committee's copy of the letter is signed.

¹⁴³ *Id.*

¹⁴⁴ Letter from Donald L. Fowler to James Riady, March 6, 1996, DNC 1761242 (Exhibit 92).

¹⁴⁵ James Riady is believed to have attended the May 10, 1995, DNC breakfast with Vice President Gore. See DNC Memorandum from Adam Crain to David Mercer, April 20, 1995, DNC 3169174 (Exhibit 93); see also Letter from Mack McLarty to James T. Riady, August 2, 1996, EOP 008591 ("I certainly enjoyed seeing you and John Huang at the Winston Bryant reception with the President.") (Exhibit 94).

¹⁴⁶ See generally Deposition of James T. Riady, *Stephens Group, Inc. v. United States*, Case No. 91-1458T (U.S. Ct. Fed. Claims), March 5, 1993, 2; John Solomon, "Investigators Turn Up First Evidence of Clinton Link to Foreign Money," *Associated Press*, June 9, 1998. The Committee would like to cite to Immigration and Naturalization Service ("INS") records regarding the Riadys' permanent resident status. However, despite requesting them as early as February 5, 1997, August 13, 1997, and September 26, 1997, and as recently as October 1, 1998, the INS through the DOJ has yet to produce the Riadys' immigration records to the Committee. See Letter from Chairman Dan Burton to the Honorable Doris Meissner, February 5, 1997 (Exhibit 95); Letter from Chairman Dan Burton to Johnny Stokes, August 13, 1997

It shall be unlawful for a foreign national directly or through any other person to make any contribution of money . . . , in connection with an election to any political office or in connection with an election to any political office . . . ; or for any person to solicit, accept, or receive any such contribution from a foreign national.¹⁴⁷

In other words, foreign nationals are prohibited from making political contributions. Unlike most of the other provisions of the Act, this prohibition found in 2 U.S.C. § 441e(a), “applies to any election for any political office, including state and local offices.”¹⁴⁸

Although some might argue that 2 U.S.C. § 441e is inapplicable to “soft money”¹⁴⁹ and thus, in large part, may be inapplicable to the Riadys’ contributions, the DNC refuses to accept any contributions from foreign nationals as a matter of policy as explained by DNC General Counsel Sandler:

- Counsel: What makes all contributions from foreign nationals to the DNC illegal?
- Sandler: Foreign nationals as defined in section 441e of the Federal Election Campaign Act are illegal. In our view, it is illegal—that section applies to contributions to all of the DNC’s accounts; probably as a matter of law does not apply to contributions to the building fund but as a policy matter that’s what we instructed our finance staff, all DNC staff, for that matter.
- Counsel: And by “all contributions,” did you mean contributions to both the DNC Federal and non-Federal accounts?
- Sandler: Correct.
- Counsel: Is that still the policy of the DNC today?
- Sandler: Yes.¹⁵⁰

The Committee is unaware of any attempts by state parties to argue the legality of accepting a contribution—regardless of its technical classification as soft or hard—from foreign nationals as defined in the Act.

(Exhibit 96); Letter from Chairman Dan Burton to the Honorable Doris Meissner, September 26, 1997 (Exhibit 97).

¹⁴⁷ 2 U.S.C. § 441e(a) (emphasis added).

¹⁴⁸ FEC Advisory Opinion No. 1992-16 (emphasis added); *see also Id.*

¹⁴⁹ “Campaign Finance Reform: A Sourcebook,” *Brookings Institution*, 1997.

¹⁵⁰ Committee Deposition of Joseph E. Sandler, Esq., May 14, 1998, 25.

The definition of the term “foreign national” is divided into two separate and distinct parts as excerpted below in pertinent part:

(b) As used in this section, the term “foreign national” means—

(1) a foreign principal, as such term is defined by section 611(b) of Title 22, except that the term “foreign national” shall not include any individual who is a citizen of the United States; or

(2) an individual who is not a citizen of the United States and who is not lawfully admitted for permanent residence¹⁵¹

An individual or entity meeting either definition constitutes a “foreign national” for purposes of 2 U.S.C. § 441e(a).¹⁵² The term “foreign national” does not include a U.S. citizen under any circumstances.¹⁵³

Addressing subsection (b)(2) first, an individual who is neither a U.S. citizen nor a permanent resident is a “foreign national” and is unable to contribute.¹⁵⁴ The Riadys were permanent residents at the time of their contributions.¹⁵⁵ So, applying this definition of a “foreign national” without further analysis, the Riadys were not prohibited from making political contributions during the 1992 election cycle. The White House and the DNC evidently agree: White House spokesman James Kennedy indicated that “[i]n 1992, [James Riady] was a lawful permanent resident and eligible to contribute to any political party. Thus there was no basis for anyone to believe that Mr. Riady’s contributions to the DNC might be illegal.”¹⁵⁶ DNC spokesman Rick Hess said even “the most careful vetting procedures” would not have raised questions about Mr. Riady’s contributions.¹⁵⁷

However, the definition of a “foreign national” includes more than individuals who are neither U.S. citizens nor permanent residents.¹⁵⁸ Under subsection (b)(1) the term “foreign national” also includes a somewhat broader definition which includes permanent residents under certain circumstances.¹⁵⁹ The term “foreign national” must be read in

¹⁵¹ 2 U.S.C. § 441e(b)(1) and (2).

¹⁵² 2 U.S.C. § 441e(b) employs the disjunctive “or” between subsections (1) and (2).

¹⁵³ 2 U.S.C. § 441e(b)(1) and (2).

¹⁵⁴ 2 U.S.C. § 441e(a) and (b)(2).

¹⁵⁵ John Solomon, “Investigators Turn Up First Evidence of Clinton Link to Foreign Money,” *Associated Press*, June 9, 1998. The Committee would like to cite to INS records regarding the Riadys’ permanent resident status. However, despite requesting them as early as February 5, 1997, August 13, 1997, and September 26, 1997, and as recently as October 1, 1998, the INS through the DOJ has yet to produce the Riadys’ immigration records to the Committee. Ex. 95 Letter from Chairman Dan Burton to the Honorable Doris Meissner, February 5, 1997; Ex. 96 Letter from Chairman Dan Burton to Johnny Stokes, August 13, 1997; Ex. 97 Letter from Chairman Dan Burton to the Honorable Doris Meissner, September 26, 1997.

¹⁵⁶ *Id.*

¹⁵⁷ *Id.*

¹⁵⁸ 2 U.S.C. § 441e(b)(1).

¹⁵⁹ *Id.*; 22 U.S.C. § 611(b).

conjunction with the term “foreign principal” as defined by 22 U.S.C. § 611(b).¹⁶⁰ A “foreign principal” includes “a person outside of the United States, unless it is established that such person is an individual and a citizen of and domiciled within the United States”¹⁶¹ So, a permanent resident who is “outside of the United States” is a foreign national under the Act and is prohibited from making political contributions.¹⁶²

Both federal jurisprudence and the statutory context suggest that an individual residing and domiciled in a foreign country is “a person outside of the United States,” a temporary visit to the United States notwithstanding.¹⁶³ It would be nothing short of a ludicrous and disturbing result if a permanent resident “outside of the United States” were able to circumvent the statutory prohibition against political contributions by flying to the United States and stepping off the plane. Trevor Potter, a former Commissioner of the FEC, agrees. According to Potter, the issue of green-card holders who donate while outside the United States is untested, but “a careful reading of the law suggests a green-card holder must be residing in the country to donate.”¹⁶⁴ The privilege of contributing to political campaigns and thereby influencing elections is not granted to permanent residents who are residing “outside of the United States”¹⁶⁵

In this case, applying the statutory definition of a “foreign national,” the operative question is: were James and Aileen Riady “outside of the United States?”¹⁶⁶ Despite the Riadys’ alleged permanent resident status at the time of their contributions, the aforementioned August 14, 1992, memorandum from then-campaign aide Melinda Yee to then-Governor Bill Clinton indicates that they were residing in Indonesia: “Mr. Riady lived in Arkansas from 1985-1987 when he was president of Worthen Bank in Little Rock He has flown all they [sic] way from Indonesia, where he is now based, to attend the fundraiser.”¹⁶⁷ Deposition testimony from former Lippo executive Charles DeQueljo is consistent with the August 14 memo as indicated by the following excerpt:

Counsel: When did James Riady live in California, if you know?

DeQueljo: I’d be guessing if I told you. I don’t really know.

Counsel: Do you know when Mr. Riady moved back to Jakarta?

¹⁶⁰ 2 U.S.C. § 441e(b)(1).

¹⁶¹ 22 U.S.C. § 611(b) (emphasis added).

¹⁶² 2 U.S.C. § 441e(a) and (b)(1); 22 U.S.C. § 611(b).

¹⁶³ See generally *Levy v. I.R.S. Commissioner*, 76 T.C. 228 (1981) (rejecting literal interpretation of “a person outside of the United States” in tax law context); 22 U.S.C. § 611(b)(requiring U.S. citizenship as well as a U.S. domiciliary to be excluded from definition of “foreign principle;” citizenship and physical presence not sufficient).

¹⁶⁴ John Solomon, “Investigators Turn Up First Evidence of Clinton Link to Foreign Money,” *Associated Press*, June 9, 1998 (emphasis added).

¹⁶⁵ See generally 2 U.S.C. § 441e(a) and (b)(1); 22 U.S.C. § 611(b).

¹⁶⁶ See generally *Id.*

¹⁶⁷ Ex. 28 Memorandum from Melinda Yee to Governor Bill Clinton, August 14, 1992 (emphasis added).

DeQueljo: Well, I was in Jakarta starting in April of 1991; and my impression was that James, although he traveled a lot, that his base was Jakarta.¹⁶⁸

The Riadys were “based” in Indonesia at the time of their contributions;¹⁶⁹ a temporal physical presence to attend a fund-raiser or two does not change that. Additionally, in a proceeding held on March 5, 1993, unrelated to campaign finance, James Riady testified under oath as follows:

Counsel: What is your citizenship, Mr. Riady?

Riady: Indonesian.

Counsel: Do you live in Indonesia?

Riady: Yes.

Counsel: What is your address?

Riady: Jalan Madiun 15, Jakarta.¹⁷⁰

The Senate campaign finance investigation concluded that the Riadys permanently returned to Indonesia in 1991.¹⁷¹ The evidence leads to the almost inescapable conclusion that the Riadys, although permanent residents, were “outside of the United States” in 1992 and 1993 and thus, as foreign nationals, were prohibited from making political contributions during this period.

Despite repeated demands, the Riadys have refused to cooperate with Committee investigators. The Committee is continuing its review of the Riadys’ contributions. In any event, the Riadys’ contributions are highly suspect and probably illegal and, therefore, should be disgorged to the U.S. Treasury.¹⁷² Moreover, James Riady is believed to be the subject of an “active pending criminal investigation into alleged misconduct involving . . .

¹⁶⁸ Committee Deposition of Charles DeQueljo, June 9, 1998, 43-44.

¹⁶⁹ Ex. 28 Memorandum from Melinda Yee to Governor Bill Clinton, August 14, 1992; Committee Deposition of Charles DeQueljo, June 9, 1998, 43-44.

¹⁷⁰ Deposition of James T. Riady, *Stephens Group, Inc. v. United States*, Case No. 91-1458T (U.S. Ct. Fed. Claims), March 5, 1993, 2.

¹⁷¹ *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rep. No. 167, 105th Cong., 2d Sess., vol. 1, 1120 and 1125 (1998).

¹⁷² See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; Ex. Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998; Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9.

campaign finance violations.”¹⁷³ Therefore, in the alternative, the Riady’s contributions should be returned based on the DNC’s standard of appropriateness.

John Huang \$13,800 and Jane Huang \$22,000 (Suspect)

During the 1992 election cycle, John and his wife, Jane Huang, contributed a total of \$35,800 to the DNC, the DSCC and the California Democratic Party as detailed below:¹⁷⁴

<u>Name</u>	<u>Check Date</u>	<u>FEC Date</u>	<u>Recipient</u>	<u>Amount</u>
John Huang		02/04/92	California Democratic Party	\$500
John Huang		06/01/92	DNC	\$800
John Huang		07/28/92	DNC	\$5,000
John Huang	08/31/92	09/04/92	California Democratic	\$1,500
Party				
John Huang	09/08/92	09/23/92	DSCC	\$1,500

¹⁷³ See generally Ex. 9 Policies and Procedures of the DNC Regarding Compliance with Campaign Finance Laws, at 18-19. Given the DOJ investigation of John Huang’s fund-raising activities, it is reasonable to assume that the Riadys’ contributions are included in that investigation.

¹⁷⁴ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998; see also LippoBank Account Statement of John and Jane Huang, August 31, 1992, L 004886 (Exhibit 98); LippoBank Check No. 1036 from John and Jane Huang to the DNC Victory Fund in the Amount of \$5,000, August 12, 1992, L 004909 (Exhibit 99); LippoBank Account Statement of John and Jane Huang, September 30, 1992, L 004915 (Exhibit 100); LippoBank Check No. 1034 from John and Jane Huang to the California Democratic Party in the Amount of \$5,000, August 10, 1992, and LippoBank Check No. 1050 from John and Jane Huang to the California Democratic Party in the Amount of \$1,500, August 31, 1992, L 004919 (Exhibit 101); LippoBank Check No. 1052 from John and Jane Huang to the DNC Victory Fund in the Amount of \$5,000, September 15, 1992, L 004939 (Exhibit 102); LippoBank Check No. 1053 from John and Jane Huang to the California Democratic Party in the Amount of \$1,000, September, Day Illegible, 1992, L 004941 (Exhibit 103); LippoBank Account Statement of John and Jane Huang, September 30, 1992, L 010715 (Exhibit 104); LippoBank Check No. 324 from John and Jane Huang to the Democratic Victory Fund in the Amount of \$1,000, September 1, 1992, L 010723 (Exhibit 105); LippoBank Check No. 325 from John and Jane Huang to the DSCC in the Amount of \$1500, September 8, 1992, L 010724 (Exhibit 106); LippoBank Check No. 326 from John and Jane Huang to the DNC Victory Fund in the Amount of \$5,000, September 15, 1992, L 010725 (Exhibit 107); LippoBank Check No. 327 from John and Jane Huang to the California Democratic Party in the Amount of \$1,000, L 010726 (Exhibit 108); LippoBank Account Statement of John and Jane Huang, October 30, 1992, L 004945 (Exhibit 109); LippoBank Check No. 1081 from John and Jane Huang to the DNC in the Amount of \$2,500, October 27, 1992, L 004969 (Exhibit 110); LippoBank Account Statement of John and Jane Huang, November 30, 1992, L 004971 (Exhibit 111); LippoBank Check No. 1087 from John and Jane Huang to the DSCC in the Amount of \$1,000, October 31, 1992, L 004987 (Exhibit 112); On November 2, 1992, Aileen Riady issued a check to John Huang in the Amount of \$5,000 which Huang deposited on November 4, 1992. LippoBank Check from Aileen Riady to John Huang in the Amount of \$5,000, November 2, 1992, and LippoBank Deposit Ticket of John Huang in the Amount of \$5,000, November 4, 1992, L 004975 (Exhibit 113); Ex. 111 LippoBank Account Statement of John and Jane Huang, November 30, 1992, L 004971.

John Huang Party \$1,000	09/16/92	09/28/92	California Democratic
John Huang \$2,500		10/27/92	Democratic National Committee
John Huang \$1,000	10/31/92	11/10/92	DSCC
Jane Huang \$5,000	08/12/92	08/19/92	DNC
Jane Huang Party \$5,000	08/10/92	09/04/92	California Democratic
Jane Huang \$1,000	09/01/92	09/09/92	DNC
Jane Huang \$5,000	09/15/92	09/22/92	DNC
Jane Huang \$5,000	09/15/92	09/22/92	DNC
Jane Huang Party \$1,000	09/16/92	09/28/92	California Democratic

In addition to the contributions listed above, during the period 1992-1996, John and Jane Huang contributed a total of \$76,872 to the DNC,¹⁷⁵ \$21,500 to the DSCC,¹⁷⁶ \$8,000 to the DCCC,¹⁷⁷ \$12,500 to the California Democratic Party¹⁷⁸ and in excess of \$50,000 to congressional and senatorial candidates.¹⁷⁹

Representatives Richard Gephardt,¹⁸⁰ Howard Berman, Joseph Kennedy, Nancy Pelosi, and Senators Carol Moseley-Braun, Alfonse D'Amato, John Kerry, Edward Kennedy, and Barbara Mikulski have all returned contributions received from either John

¹⁷⁵ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998. John Huang: June 25, 1993, \$10,000 to the DNC; December 14, 1993, \$10,000 to the DNC; March 16, 1994, \$10,000 to the DNC. Jane Huang: December 14, 1993, \$15,000 to the DNC; March 16, 1994, \$10,000 to the DNC; April 29, 1994, \$5,000 to the DNC; August 11, 1994, \$5,000 to the DNC; December 22, 1994, \$5,000 to the DNC.

¹⁷⁶ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998. John Huang: May 7, 1993, \$2,500 to the DSCC; June 15, 1993, \$1,000 to the DSCC; October 21, 1993, \$6,750 to the DSCC. Jane Huang: May 7, 1993, \$2,500 to the DSCC; June 15, 1993, \$1,000 to the DSCC; October 21, 1993, \$6,750 to the DSCC; November 14, 1995, \$1,000 to the DSCC.

¹⁷⁷ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998. Jane Huang: May 16, 1994, \$3,000 to the Democratic Congressional Dinner Committee; November 17, 1995, \$5,000 to the DCCC.

¹⁷⁸ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998. John Huang: February 4, 1992, \$500 to the California Democratic Party. Jane Huang: April 17, 1994, \$2,000 to the California Democratic Party; April 26, 1994, \$10,000 to the California Democratic Party; LippoBank Check No. 1426 from John and Jane Huang to the California Democratic Party-Victory 94 in the Amount of \$10,000, L 003843 (Exhibit 114).

¹⁷⁹ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

¹⁸⁰ Contributions to House Minority Leader Richard A. Gephardt (D-MO-3) referenced in this report were made either to his campaign or to his Political Action Committee under the name "The Effective Government Committee." "Politicians and Their PACs," *Associated Press*, December 13, 1997.

or Jane Huang.¹⁸¹ Despite the prompt return of the Huang contributions by representatives and senators, the DNC has retained their contributions and appears determined to keep them.¹⁸² In recent interrogatories to the DNC, the Committee requested information regarding contributions made by John Huang. The DNC responded:

All information available to the DNC indicates that Mr. Huang is and at all relevant times has been a U.S. citizen and had a substantial income at this time. No information has been brought to our attention calling into question the legality or appropriateness of the referenced contribution.¹⁸³

The same response was given regarding Jane Huang's contributions.¹⁸⁴

It has been widely reported that John Huang is presently the subject of the DOJ's "active pending criminal investigation into alleged misconduct involving . . . campaign finance violations."¹⁸⁵ Pursuant to the DNC's own guidelines, this information is sufficient to call into question the appropriateness of Huang's contributions.¹⁸⁶ The DNC should be aware of the investigation into Huang's fund-raising activities as a result of the widely-reported DOJ investigation of the DNC. Furthermore, the investigation into Huang's fund-raising activities has been widely reported in the press.

A contribution's link to John Huang is one of the DNC's seven categories of contributions applied to determine which contributions to review.¹⁸⁷ "Contributions solicited by Mr. John Huang"—as the DNC put it—were suspicious from the inception of the DNC's self-imposed review.¹⁸⁸ John Huang has pled the Fifth Amendment to the Committee¹⁸⁹ and—except for a limited production of documents—both John and Jane Huang have refused to cooperate with Committee investigators. The DNC returned the contributions individuals solicited by Huang, including Kanchanalak, the Wiriadinatas, and the Tries as previously indicated but not the Huangs.¹⁹⁰ Setting aside for the moment the issue of legality, if there has ever been a case to question the "appropriateness" of a contribution, this is it. Otherwise, the appropriateness standard is rendered meaningless. Furthermore, it is clear from statements of both DNC and White House officials that John Huang was dishonest with the DNC regarding his contribution vetting procedures and

¹⁸¹ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

¹⁸² The DNC's Responses to the Committee's June 23, 1998, Interrogatories, August 6, 1998, at 26-29. FEC data indicates that the DNC returned \$15,000 to John Huang on February 15, 1994, and \$5,000 to Jane Huang on February 15, 1994, apparently for administrative reasons.

¹⁸³ *Id.* at 28. (emphasis added).

¹⁸⁴ *Id.* at 27.

¹⁸⁵ See generally Ex. 9 Policies and Procedures of the DNC Regarding Compliance with Campaign Finance Laws, at 18-19.

¹⁸⁶ *Id.*

¹⁸⁷ The DNC's Responses to the Committee's June 23, 1998, Interrogatories, August 6, 1998, at 7.

¹⁸⁸ *Id.*

¹⁸⁹ Letter from Ty Cobb, Esq. to Chairman Dan Burton, February 18, 1997 (Exhibit 115).

¹⁹⁰ See generally Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 2-5 and 7.

information he claimed to have obtained from various individuals who were the source of illegal foreign contributions.

It is beyond dispute that John Huang is at the center of the current campaign finance scandal and under investigation by the DOJ. Much of the money he raised has been determined illegal by the DNC itself, DOJ, and House and Senate campaign finance investigations. Furthermore, many Members of Congress—both Democrat and Republican—have returned John and Jane Huang’s contributions. In any event, the Huangs’ contributions are highly suspect and, therefore, should be disgorged to the U.S. Treasury or returned to the Huangs based on the DNC’s own criteria of appropriateness.¹⁹¹

B. Contributions by Other Lippo Employees and Their Spouses During the 1992 Election Cycle

Shortly before the 1992 Presidential Election, in addition to James and Aileen Riady and John and Jane Huang, at least eleven other individuals with direct ties to the Riadys and the Lippo Group contributed a total of \$200,000 to a variety of Democratic causes during September and October 1992. The contributions were made in ten \$20,000 blocks, one or two \$20,000 blocks per family. In every instance, the individuals were either a Lippo employee or the spouse of a Lippo employee.

The DNC supposedly trains its finance staff to look for indicia of contributions in the name of another—conduit contributions in violation of 2 U.S.C. § 441f. Specifically, according to DNC General Counsel Sandler:

[T]he [indicia] that we typically call [our finance staff’s] attention to would be multiple contributions from members—employees of the same corporation; contributions from low-level employees of a corporation or any indication by a donor that a corporation—an individual donor purporting to make a personal contribution, that he or she was going to be reimbursed by a corporation. These are typical indicia of contributions in the name of another.¹⁹²

As detailed in the following discussion, the timing, amount and recipients of the contributions by Lippo employees and their spouses suggest that the contributions may have been coordinated in some fashion. Notably, many of the contributions were directed to the same state—all “swing states” except Arkansas—Democratic parties, *e.g.*, California, Georgia, Louisiana, Michigan, North Carolina, and Ohio. Whether they were illegally coordinated remains unanswered. However, at least \$40,000 of the \$200,000 was contributed illegally by Bie Chuan Ong and Lucy Jao Ong as discussed below. Given the

¹⁹¹ See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; Ex. Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998; Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9.

¹⁹² Committee Deposition of Joseph E. Sandler, Esq., May 14, 1998, 23-24 (emphasis added).

close proximity of the contributions, the existence of troubling deposits by some of these contributors immediately prior to the contributions, and the fact that most have left the country, the Committee believes that there is a sufficient pattern to consider all of the contributions illegal or inappropriate. Any good faith effort to disgorge illegal or return inappropriate contributions would have to include these.

Bie Chuan Ong \$20,000 and Lucy Jao Ong \$20,000 (Illegal)

Bie Chuan Ong is the former Chairman of the Board of LippoBank/Bank of Trade¹⁹³ who, in conjunction with his wife, Lucy Jao Ong, contributed \$40,000 to the DSCC and state Democratic parties—some of the same ones targeted by the Riadys—during the 1992 election cycle.¹⁹⁴ In 1991, Bie Chuan Ong began serving as a co-director with James Riady and John Huang at Hip Hing Holdings.¹⁹⁵ Bie Chuan Ong's responsibilities at Hip Hing Holdings included filing quarterly and annual reports pertaining to its real estate activities. Hip Hing Holdings owned only one asset, a vacant parking lot on Hughes Street in Los Angeles.¹⁹⁶ His annual salary as an executive of Hip Hing Holdings was \$24,000.¹⁹⁷

At the same time he was employed by Hip Hing Holdings, Bie Chuan Ong was also a shareholder in Inn Holdings, Inc. ("Inn Holdings"),¹⁹⁸ a California corporation¹⁹⁹ based in San Francisco that serves as the holding company for Marina Inn, an inn located in the San Francisco area.²⁰⁰ Inn Holdings was owned by 23 shareholders at the close of 1992, including Bie Chuan Ong and his wife Lucy Jao Ong in addition to John Huang's sons, Isaac and Christopher Huang.²⁰¹ As of February 11, 1996, John Huang owned stock in Inn Holdings valued between \$15,000-\$50,000.²⁰²

In late September 1992, Four Sisters, a California management company, issued a check to Inn Holdings in the amount of \$40,000 which was deposited into Inn Holdings'

¹⁹³ Committee Interview of Steve Richmond, July 22, 1997.

¹⁹⁴ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

¹⁹⁵ Ex. 35 Hip Hing Holdings, Inc. Certificate of Incorporation, State of California, HHH 0243; Hip Hing Holdings Payroll Records, HHH 5761, HHH 5758, and HHH 0266 (Exhibit 116); Committee Interview of Lucy Jao Ong, August 15, 1997; Committee Interview of Bie Chuan Ong, September 9, 1997.

¹⁹⁶ Committee Interview of Bie Chuan Ong, September 9, 1997; James Warren, "Funds Hearings Focus on China's Links to Indonesian Conglomerate," *Chicago Tribune*, July 16, 1997, at A10.

¹⁹⁷ Ex. 116 Hip Hing Holdings Payroll Records, HHH 5761, HHH 5758, and HHH 0266.

¹⁹⁸ 1992 U.S. Income Tax Return of Inn Holdings (Exhibit 117). These tax records have been heavily redacted due to confidentiality concerns.

¹⁹⁹ Inn Holdings, Corporate Records, State of California.

²⁰⁰ Committee Interview of Dr. Gilbert Lee, June 19, 1998.

²⁰¹ Ex. 117 1992 U.S. Income Tax Return of Inn Holdings Bie Chuan Ong is no longer a stockholder in Inn Holdings according to Dr. Gilbert Lee, Inn Holdings' registered agent. Committee Interview of Dr. Gilbert Lee, June 19, 1998.

²⁰² Executive Branch Personnel Public Financial Disclosure Report of John Huang, February 11, 1996, D 0000840-D 0000851, at 6, D 0000846 (Exhibit 118).

checking account on September 29, 1992.²⁰³ On October 20, 1992, Inn Holdings issued check numbers 1103 and 1104 in the amount of \$20,000 each to Lucy Jao Ong and Bie Chuan Ong respectively.²⁰⁴ The checks were allegedly issued so that the Ongs could bid on real estate on behalf of Inn Holdings.²⁰⁵ The memo section of each check bears the notation “Real Estate Auction.”²⁰⁶

Bank records indicate that Bie and Lucy Ong on October 22, 1992, deposited the Inn Holdings checks into their personal accounts at First Interstate Bank and Security Pacific Bank respectively.²⁰⁷ And, on or about October 20, 1992, Bie Chuan Ong and Lucy Jao Ong then issued a total of eight checks to Democratic causes totaling exactly \$40,000 as detailed below:²⁰⁸

<u>Name</u>	<u>Check Date</u>	<u>FEC Date</u>	<u>Recipient</u>	<u>Amount</u>
Bie Chuan Ong \$5,000	10/09/92	10/21/92	Arkansas Democratic Party	
Bie Chuan Ong Party \$5,000	10/19/92	10/21/92	California Democratic	
Bie Chuan Ong \$5,000		10/23/92	DSCC	
Bie Chuan Ong \$5,000		10/23/92	Michigan Democratic Party	

²⁰³ LippoBank Account Statement for Inn Holdings, October 20, 1992 (Exhibit 119); Committee Interview of Andrew Wong, July 23, 1998.

²⁰⁴ LippoBank/Bank of Trade Check No. 1103 from Inn Holdings to Lucy Jao in the Amount of \$20,000, October 20, 1992, and LippoBank/Bank of Trade Check No. 1104 from Inn Holdings to Bie C. Ong in the Amount of \$20,000, October 20, 1992 (Exhibit 120); LippoBank Account Statement of Inn Holdings, November 20, 1992 (Exhibit 121).

²⁰⁵ Committee Interview of Dr. Gilbert Lee, June 19, 1998; Committee Interview of Andrew Wong, June 24, 1998; Committee Interview of Andrew Wong, July 23, 1998.

²⁰⁶ Ex. 120 LippoBank/Bank of Trade Check No. 1103 from Inn Holdings to Lucy Jao [Ong] in the Amount of \$20,000, October 20, 1992, and LippoBank/Bank of Trade Check No. 1104 from Inn Holdings to Bie C. Ong in the Amount of \$20,000, October 20, 1992.

²⁰⁷ *Id.*; First Interstate Bank Checking Account Statement of Lucy Jao and Bie Chuan Ong, November 5, 1992 (Exhibit 122); First Interstate Bank Deposit Ticket in the Amount of \$20,000 of Lucy Jao Ong and Bie Chuan Ong, October 20, 1992 (Exhibit 123).

²⁰⁸ Ex. 122 First Interstate Bank Checking Account Statement of Lucy Jao and Bie Chuan Ong, November 5, 1992; First Interstate Bank Check No. 558 from Lucy Jao and Bie Chuan Ong to the Michigan State Democratic Party in the Amount of \$5,000, September 30, 1992 (Exhibit 124); First Interstate Bank Check No. 559 from Lucy Jao and Bie Chuan Ong to the Arkansas State Democratic Party in the Amount of \$5,000, October 19, 1992 (Exhibit 125); First Interstate Bank Check No. 561 from Lucy Jao and Bie Chuan Ong to the California State Democratic Party in the Amount of \$5,000, October 9, 1992 (Exhibit 126); Security Pacific Bank Check No. 622 from Lucy Jao to the Arkansas State Democratic Party in the Amount of \$5,000, October 10, 1992 (Exhibit 127); <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998; It should be noted that Bie Chuan Ong listed his employer as “Tons of Toys” in conjunction with his contributions. According to Tiang Hua Ga, Tons of Toys was a company co-owned by Ong and a fellow Lippo employee, Joseph Chiang. Committee Interview of Tiang Hua Gan, August 15, 1997; *see also*, Committee Interview of Michael Chi, August 28, 1997.

Lucy Jao Ong \$5,000	10/10/92	10/21/92	Arkansas Democratic Party
Lucy Jao Ong \$5,000		10/21/92	California Democratic Party
Lucy Jao Ong \$5,000		10/22/92	DSCC
Lucy Jao Ong \$5,000		10/23/92	Michigan Democratic Party

Notwithstanding the purported purpose—as reflected in the memo section of the checks—of the \$40,000 from Inn Holdings, no real estate was ever purchased with the funds despite the passage of six years.²⁰⁹ Dr. Gilbert Lee, Inn Holdings’ registered agent, initially described the \$40,000 as an advance for the purchase of real estate on behalf of Inn Holdings consistent with the notation on the checks but subsequently during the same interview described the funds as a loan which remains outstanding in its entirety.²¹⁰

According to Andrew Wong, President of Inn Holdings, he approved and signed the checks to Bie Chuan Ong and Lucy Jao Ong but is unaware what happened to the money.²¹¹ However, Wong informed a Committee counsel that he had recently spoken with Bie Chuan Ong, at which time Ong indicated his intent to repay the loan, almost six years after its issuance.²¹² Bie Chuan Ong never received a salary from and is no longer affiliated with Inn Holdings.²¹³ Neither Dr. Lee nor Wong were aware of any political contributions made by Bie Chuan Ong or Lucy Jao Ong.²¹⁴

On September 9, 1997, Committee Majority and Minority counsel interviewed Bie Chuan Ong in the presence of his attorney regarding his and his wife’s political contributions totaling \$40,000.²¹⁵ He indicated that he knows both John Huang and James Riady, with whom he had frequent contact during his employ at Hip Hing Holdings.²¹⁶ When asked if he was aware of Hip Hing Holdings’ fundraising activities, Ong responded that he “stayed away from that business” and denied ever having a conversation with John Huang regarding fundraising.²¹⁷ According to Ong, he never attended a political fundraising event.²¹⁸

Bank records and FEC data establish that Bie Chuan Ong and Lucy Jao Ong contributed \$40,000 to the DSCC and various state Democratic parties. However, during

²⁰⁹ Committee Interview of Andrew Wong, June 24, 1998.

²¹⁰ Committee Interview of Dr. Gilbert Lee, June 19, 1998.

²¹¹ Ex. 120 LippoBank/Bank of Trade Check No. 1103 from Inn Holdings to Lucy Jao [Ong] in the Amount of \$20,000, October 20, 1992, and LippoBank/Bank of Trade Check No. 1104 from Inn Holdings to Bie C. Ong in the Amount of \$20,000, October 20, 1992; Committee Interview of Andrew Wong, June 24, 1998.

²¹² Committee Interview of Andrew Wong, June 24, 1998.

²¹³ Committee Interview of Dr. Gilbert Lee, June 19, 1998.

²¹⁴ *Id.*; Committee Interview of Andrew Wong, June 24, 1998.

²¹⁵ Committee Interview of Bie Chuan Ong, September 9, 1997.

²¹⁶ *Id.*

²¹⁷ *Id.*

²¹⁸ *Id.*

the Committee interview, Bie Chuan Ong said he did not recall making any political contributions in October 1992 even when shown FEC data indicating he and his wife had done so.²¹⁹ The \$40,000 in contributions documented by the Committee did not refresh his recollection, but he did claim to have made a \$10,000 contribution with his wife to Dianne Feinstein in early or mid-1992.²²⁰ FEC data does not indicate a contribution in any amount by Bie Chuan Ong or Lucy Jao Ong to then-Senatorial candidate Feinstein in 1992.²²¹ It should be noted that it is illegal under the Act for an individual to contribute more than \$1,000 to a U.S. Senate candidate per election, \$1,000 primary and \$1,000 general.²²²

During the interview, Ong also advised that he knew former Lippo employees Joseph Chiang, Ricor Da Silveira and David Yeh but was unaware of any fund-raising activities by any of these individuals and was unaware of their current employment.²²³ Ong denied knowing former Lippo employees Felix Ma and Joseph Sund.²²⁴ However, a Tati Group, Ltd.—a Lippo controlled company²²⁵—memorandum from Joseph Sund to John Huang dated March 23, 1993, specifically refers to a “Bie Ong,” presumably the Bie Chuan Ong at issue here.²²⁶

A review of the contributions made by Bie Chuan Ong and Lucy Jao Ong totaling \$40,000 indicates the following:

1. The funds used for the contributions were provided by Inn Holdings, a company owned in part by John Huang and his sons. Ong’s attorney Thomas Zaccarro recently indicated that Ong may have relied on advice from Huang in making the contributions.²²⁷ “I’m sure there was some coordination It’s likely that [Huang] may have said to some of his friends, ‘I think you should contribute to these particular causes,’” Zaccarro opined;²²⁸
2. The funds were received almost six years ago and still have not been used for the purported purpose of purchasing real estate;
3. Neither Wong nor Dr. Gilbert offered any documentary evidence to indicate that the funds were part of a loan agreement. In fact, the notation on the checks themselves and Committee interviews indicate the contrary;

²¹⁹ *Id.*

²²⁰ *Id.*

²²¹ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

²²² 2 U.S.C. § 441a.

²²³ Committee Interview of Bie Chuan Ong, September 9, 1997.

²²⁴ *Id.*

²²⁵ Adela Ma, “Lippo Opts for Leasing,” *South China Morning Post*, November 16, 1995, at 2.

²²⁶ Memorandum from Joseph Sund to John Huang, March 23, 1993, HHH 4578 and HHH 4579 (Exhibit 128).

²²⁷ Byron York, “Roots of a Scandal,” *American Spectator*, October 1998, at 31.

²²⁸ *Id.*

4. In a Committee interview, Bie Chuan Ong could not recall having contributed \$40,000 in political contributions in conjunction with his wife during the 1992 cycle or ever for that matter. The only contribution Bie Chuan Ong recalled making is not in the FEC's records and, regardless, would have been illegal if actually made;
5. Bie Chuan Ong's annual salary at the time of the contributions was \$24,000, making it unlikely that the \$40,000 in contributions were made with his own money;
6. Roger Post, a Four Sisters executive and onetime-Inn Holdings stockholder, has failed to return telephone calls made by Committee investigators; and
7. Bie Chuan Ong invoked his Fifth Amendment privilege against self-incrimination recently in response to the Committee's request to depose him under oath.

Contributions in the name of another—conduit contributions—are illegal. The Act provides that:

No person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another person.²²⁹

In this case, Mr. Ong claimed not to have made contributions which originate from his personal bank accounts and were made shortly after deposits totaling \$40,000 were provided by a company with ties to John Huang. Apparently, Inn Holdings through Bie Chuan and Lucy Jao Ong contributed \$40,000 to Democratic causes in violation of the Act.

While the ultimate source of and reason for the conduit contributions remains a mystery, there are logical conclusions to be drawn: Bie Chuan Ong and Lucy Jao Ong were given \$20,000 each to be used for illegal campaign contributions to the DSCC, the Arkansas Democratic Party, the California Democratic Party, and the Michigan Democratic Party in violation of 2 U.S.C. § 441f. The Ongs' contributions have thus far been retained by all recipients, but they should be disgorged to the U.S. Treasury in accordance with federal regulations and DNC practice.²³⁰

²²⁹ 2 U.S.C. § 441f.

²³⁰ See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; Ex. Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998; Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9.

Joseph Chiang \$20,000 and Donna Chiang \$20,000 (Suspect)

Joseph Chiang is a Lippo executive who, in conjunction with his wife, Donna Chiang, contributed \$40,000 to the DNC during the 1992 election cycle.²³¹ As of November 25, 1992, Joseph Chiang was the executive director of China Consortium, Ltd., the Lippo Group's vehicle for investments in mainland China.²³² A memorandum from John Huang to Jim H. Tuvin dated July 9, 1993, listed Felix Ma and Joseph Chiang as points of contact at the Lippo controlled Tati Development Limited based at the Lippo Centre in Hong Kong.²³³

On or about September 22, 1992, Joseph and Donna Chiang issued four checks to the DNC totaling \$40,000 in conjunction with the Gore Economic Event on September 25, 1992, as detailed below:²³⁴

<u>Name</u>	<u>Check Date</u>	<u>FEC Date</u>	<u>Recipient</u>	<u>Amount</u>
Joseph Chiang \$10,000	09/18/92	09/28/92	DNC	
Joseph Chiang \$10,000	09/22/92	10/07/92	DNC	
Donna Chiang \$10,000	09/18/92	09/28/92	DNC	

²³¹ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

²³² "Asian Pacific Brief: Lippo to Take Key Stake in Chinese Venture," The Asian Wall Street Journal, November 25, 1992, at 4.

²³³ Memorandum from John Huang to Jim H. Tuvin, July 9, 1993 (Exhibit 129).

²³⁴ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998; Bank of America Check No. 7583 from Joseph S. or Donna Chiang to the DNC Victory Fund in the Amount of \$10,000, September 22, 1992 (Exhibit 130); DNC Check Tracking Form for Bank of America Check No. 7583 from Joseph S. or Donna Chiang to the DNC Victory Fund in the Amount of \$10,000, September 22, 1992, DNC 3310331 (Exhibit 131); Bank of America Check No. 7576 from Joseph S. or Donna Chiang to the DNC Victory Fund in the Amount of \$10,000, September 18, 1992, Bank of America Check No. 7876 from Joseph S. or Donna Chiang to the DNC Victory Fund in the Amount of \$10,000, September 22, 1992, Bank of America Check No. 7872 from Joseph S. or Donna Chiang to the DNC Victory Fund in the Amount of \$10,000, September 18, 1992 (Exhibit 132); DNC Check Tracking Form for Bank of America Check No. 7876 from Joseph S. or Donna Chiang to the DNC Victory Fund in the Amount of \$10,000, September 22, 1992, DNC 3310330 (Exhibit 133); Ex. List of DNC Contributors for September 29, 1992, Gore Economic Event, DNC 4125867.2. It should be noted that Joseph Chiang listed his employer as "Merchants West" in conjunction with his October 7, 1992, contribution to the DNC. Merchants West is a company specializing in the export of various materials from China. Merchants West purchased Tons of Toys, a company co-owned by Bie Chuan Ong. Committee Interview of Steve Richmond, July 22, 1997. All of Joseph and Donna Chiang's contributions for which the Committee has obtained DNC contribution information were solicited by Bob Burkett. Ex. 131 DNC Check Tracking Form for Bank of America Check No. 7583 from Joseph S. or Donna Chiang to the DNC Victory Fund in the Amount of \$10,000, September 22, 1992, DNC 3310331; Ex. 133 DNC Check Tracking Form for Bank of America Check No. 7876 from Joseph S. or Donna Chiang to the DNC Victory Fund in the Amount of \$10,000, September 22, 1992, DNC 3310330.

Donna Chiang
\$10,000

09/22/92

10/07/92

DNC

On September 25, 1992, the day of the Gore fund/raiser, L & W Supply Global, Inc. ("L & W Supply") of Anaheim, California,²³⁵ issued a check to Donna Chiang in the amount of \$40,000,²³⁶ the precise amount of the Chiangs' contributions to the DNC. Ms. Chiang deposited the check into her joint account with her husband, Joseph Chiang—the same account out of which the four contributions to the DNC were made²³⁷—that same day,²³⁸ six days before any of the contributions checks cleared their account.²³⁹ At the time of the deposit, the Chiangs' checking account balance was \$8,014.64.²⁴⁰ In sum, the funds for the Chiangs' contributions were provided by L & W Supply Global and thus appear to be conduit contributions in violation of 2 U.S.C. § 441f.

The Chiangs are believed to be residing in Hong Kong. The Committee has been unable to contact Joseph and Donna Chiang or identify the ultimate source of the funds used for the contributions but is continuing its review.

Again, the Chiangs' 1992 contributions were made at the same time as the Riadys' contributions and other illegal contributions from Lippo related individuals, *e.g.*, Bie and Lucy Jao Ong. The DNC has retained the Chiangs' contributions totaling \$40,000.²⁴¹

²³⁵ Donna Chiang listed L & W Supply as her employer at the time of her 1992 contributions to the DNC. <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

²³⁶ Bank of America Check No. 121 from L & W Supply to Donna Chiang in the Amount of \$40,000, September 25, 1992, and Bank of America Deposit Ticket of Joseph S. or Donna Chiang in the Amount of \$40,000, September 25, 1992 (Exhibit 134). Donna Chiang also received a check from L & W Supply in the amount of \$8,000, August 25, 1992, for an unknown reason. Bank of America Check No. 1281 from L & W Supply to Donna Chiang in the Amount of August 25, 1992, and Bank of America Deposit Ticket of Joseph S. or Donna Chiang in the Amount of \$8,000, August 25, 1992 (Exhibit 135).

²³⁷ Ex. 130 Bank of America Check No. 7583 from Joseph S. or Donna Chiang to the DNC Victory Fund in the Amount of \$10,000, September 22, 1992; Ex. 131 DNC Check Tracking Form for Bank of America Check No. 7583 from Joseph S. or Donna Chiang to the DNC Victory Fund in the Amount of \$10,000, September 22, 1992, DNC 3310331; Ex. 132 Bank of America Check No. 7576 from Joseph S. or Donna Chiang to the DNC Victory Fund in the Amount of \$10,000, September 18, 1992, Bank of America Check No. 7876 from Joseph S. or Donna Chiang to the DNC Victory Fund in the Amount of \$10,000, September 22, 1992, and Bank of America Check No. 7872 from Joseph S. or Donna Chiang to the DNC Victory Fund in the Amount of \$10,000, September 18, 1992; Ex. 133 DNC Check Tracking Form for Bank of America Check No. 7876 from Joseph S. or Donna Chiang to the DNC Victory Fund in the Amount of \$10,000, September 22, 1992, DNC 3310330; Bank of America Account Statement of Joseph, Donna and Josephine Chiang, October 29, 1992 (Exhibit 136).

²³⁸ Ex. 134 Bank of America Check No. 121 from L & W Supply to Donna Chiang in the Amount of \$40,000, September 25, 1992, and Bank of America Deposit Ticket of Joseph S. or Donna Chiang in the Amount of \$40,000, September 25, 1992; Bank of America Account Statement of Joseph or Donna Chiang, September 29, 1992 (Exhibit 137).

²³⁹ Ex. 136 Bank of America Account Statement of Joseph, Donna and Josephine Chiang, October 29, 1992.

²⁴⁰ Ex. 137 Bank of America Account Statement of Joseph or Donna Chiang, September 29, 1992.

²⁴¹ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

However, the Chiangs' contributions appear to be conduit contributions in violation of 2 U.S.C. § 441f and, therefore, should be disgorged to the U.S. Treasury.²⁴²

Ricor Da Silveira \$15,000 and Brenda Da Silveira \$5,000 (Suspect)

Ricor Da Silveira is a Lippo executive who, in conjunction with his wife, Brenda Da Silveira, contributed \$20,000 to the DSCC and state Democratic parties—many of the same ones targeted by the Riadys—during the 1992 election cycle.²⁴³ Ricor DaSilviera has served as an executive for several Lippo controlled companies.²⁴⁴ In 1992 he served as an executive at Hip Hing Holdings, but became Morning Star, Inc.'s finance director after its acquisition by Lippo on December 28, 1992.²⁴⁵ After Lippo sold its interest in Morning Star on December 8, 1993, he became a director of Lippo Asia, Ltd.²⁴⁶ As early as November 3, 1996, and as recent as August 12, 1997, he was serving as the managing director of Lippo Investments Management based in Hong Kong and a director in other Lippo related companies including Guo Tai Lippo Securities, Edmund de Rothschild Lippo Company, Ltd., and Weyfang Yongchange Food Industries in China.²⁴⁷

During the period October 19-22, 1992, Ricor and Brenda DaSilviera issued four checks to Democratic causes totaling \$20,000 as detailed below:²⁴⁸

<u>Name</u>	<u>Check Date</u>	<u>FEC Date</u>	<u>Recipient</u>	<u>Amount</u>
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²⁴² See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; Ex. Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998; Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9.

²⁴³ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

²⁴⁴ Although it is unclear whether Ricor Da Silveira was employed by James Riady in Arkansas, It appears from press reports that Ricor and Brenda Da Silveira owned property in 1985, during the period that James Riady was involved with Stephens, Inc. "Deeds," *Arkansas Gazette*, June 23, 1985, at D7.

²⁴⁵ Rosa Ocampo, "Morning Star Trying to Rise As China Play," *South China Morning Post*, December 29, 1992, at 3.

²⁴⁶ Amy Chew, "MUI accepts Lippo explanation," *South China Morning Post*, June 4, 1994, at 2; "HK's Lippo Unit/China/Fund –Full Investment by 7th Year," *Dow Jones International News*, July 12, 1995.

²⁴⁷ Tan Lee Hock, "Indonesia Has Made It Harder to Punt on the Currency, But Many Still See Worthwhile Gains," *South China Morning Post*, November 3, 1996, at 9.

²⁴⁸ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998. LippoBank Checking Account Statement of Ricor F. Da Silveira and Brenda W. Da Silveira, November 16, 1992, L 010807 (Exhibit 138); LippoBank Check No. 2203 from Ricor F. or Brenda W. Da Silveira to the DSCC in the Amount of \$5,000, October 19, 1992, and LippoBank Check No. 2206 from Ricor F. or Brenda W. Da Silveira to the DSCC in the Amount of \$5,000, October 19, 1992, L 010816 and L 010817 (Exhibit 139); LippoBank Check No. 2224 from Ricor F. or Brenda W. Da Silveira to the DSCC in the Amount of \$5,000, October 22, 1992, L 010818 and L 010819 (Exhibit 140); LippoBank Check No. 2209 from Ricor F. or Brenda W. Da Silveira to the Michigan State Democratic Party in the Amount of \$5,000, October 21, 1992, L 010820 and L 010821 (Exhibit 141). In addition, Ricor DaSilviera contributed \$1,000 to Sen. Edward M. Kennedy in March 1993.

Ricor Da Silveira \$5,000	10/19/92	10/27/92	DSCC
Ricor Da Silveira Party \$5,000	10/21/92	10/27/92	Michigan Democratic
Ricor Da Silveira \$5,000	10/22/92	10/27/92	Arkansas Democratic Party
Brenda Da Silveira \$5,000	10/19/92	10/27/92	DSCC

Ricor Da Silveira's annual salary as an executive of Hip Hing Holdings was between \$63,000 and \$88,200 at the time of the 1992 contributions.²⁴⁹

Within days of issuing the checks, Ricor and Brenda Da Silveira received two wire transfers in the amount of \$9,500 and \$9,300, on October 27, 1992, and October 28, 1992, respectively into their joint account at LippoBank.²⁵⁰ Both wire transfers originated from Ricor DaSilviera's bank account at the Hong Kong Chinese Bank,²⁵¹ a bank located in Hong Kong and controlled by the Riadys and the Chinese government.²⁵² To date, the Committee has received no cooperation from any foreign banks or foreign governments in obtaining bank records which would enable to the Committee to trace the ultimate origin of the funds.

The Committee has been unable to contact Ricor and Brenda Da Silveira or identify the ultimate source of the funds used for the contributions but is continuing its review. The DSCC, the Arkansas Democratic Party, and the Michigan Democratic Party have retained the Da Silveiras' contributions.²⁵³ However, the Da Silveiras' contributions are suspect and, therefore, the contributions should be disgorged to the U.S. Treasury.²⁵⁴

David Yeh \$20,000 and Christina Yeh \$20,000 (Suspect)

David Yeh is a Lippo executive who, in conjunction with his wife, Christina Yeh, contributed \$40,000 to the DNC during the 1992 election cycle.²⁵⁵ David Yeh's relationship with the Riadys predates 1984 at which time the Directors of Worthen Bank

²⁴⁹ Ex. 116 Hip Hing Holdings Payroll Records, HHH 5761, HHH 5758, and HHH 0266.

²⁵⁰ LippoBank Wire Transfer Records of Ricor F. Da Silviera, October 27, 1992 (Exhibit 142) and LippoBank Wire Transfer Records of Ricor F. Da Silviera, October 28, 1992 (Exhibit 143).

²⁵¹ *Id.*

²⁵² *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rep. No. 167, 105th Cong., 2d Sess., vol. 1, 1120 (1998).

²⁵³ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

²⁵⁴ See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; Ex. Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998; Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9.

²⁵⁵ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

based in Little Rock, Arkansas, named James Riady president.²⁵⁶ Worthen then allowed Riady to bring some of his Lippo employees from Asia to Little Rock.²⁵⁷ One member of that team was David Yeh who was placed in charge of Worthen's international division with offices in New York and Los Angeles.²⁵⁸ In that position, Yeh earned \$187,000, one of the five highest paid officers at Worthen.²⁵⁹ In late 1986, Yeh was fired by the Worthen board, and the Worthen international unit was dissolved.²⁶⁰

In the early 1990s, David Yeh served as the president of LippoBank, Los Angeles,²⁶¹ and in September 1993, he served as the Managing Director of Lippo Realty, Ltd. believed to be located in Hong Kong.²⁶²

On or about August 18, 1992, David and Christina Yeh issued eight checks to the DNC totaling \$40,000 in conjunction with the Gore Economic Event fund-raiser held on September 29, 1992, as detailed below:²⁶³

²⁵⁶ Paul Sperry, "National Issue Worthen: A Riady Piggy Bank?," *Investor's Business Daily*, December 30, 1996, at A1.

²⁵⁷ *Id.*

²⁵⁸ *Id.*

²⁵⁹ *Id.*

²⁶⁰ *Id.*

²⁶¹ Committee Interview of Bie Chuan Ong, September 9, 1997.

²⁶² <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998; *see generally* Susan Schmidt and Sharon LaFraniere, "Counsel Probes Lippo Links at White House," *Washington Post*, March 5, 1997, at A1.

²⁶³ Bank of America Check No. 206 from David and Christina M.K. Yeh to the DNC Victory Fund in the Amount of \$5,000, August 3, 1992, Bank of America Check No. 207 from David and Christina M.K. Yeh to the DNC Victory Fund in the Amount of \$5,000, August 8, 1992, and Bank of America Check No. 209 from David and Christina M.K. Yeh to the DNC Victory Fund in the Amount of \$5,000, August 18, 1992 (Exhibit 144); Bank of America Check No. 249 from David and Christina M.K. Yeh to Woo for Mayor in the Amount of \$1,000, May 23, 1993, Bank of America Check No. 245 from David and Christina M.K. Yeh to Woo for Mayor in the Amount of \$1,000, May 22, 1993, and Bank of America Check No. 208 from David and Christina M.K. Yeh to the DNC Victory Fund in the Amount of \$5,000, August 18, 1992 (Exhibit 145); DNC Check Tracking Form for Bank of America Check No. 208 from David and Christina M. K. Yeh to the DNC Victory Fund in the Amount of \$5,000, August 18, 1992, DNC 3310341 (Exhibit 146); DNC Check Tracking Form for Bank of America Check No. 209 from David and Christina M. K. Yeh to the DNC Victory Fund in the Amount of \$5,000, August 18, 1992, DNC 3310342 (Exhibit 147); DNC Check Tracking Form for LippoBank Check No. 943 from David and Christina M. K. Yeh to the DNC Victory Fund in the Amount of \$5,000, August 23, 1992, DNC 3310339 (Exhibit 148); DNC Check Tracking Form for LippoBank Check No. 944 from David and Christina M. K. Yeh to the DNC Victory Fund in the Amount of \$5,000, August 28, 1992, DNC 3310340 (Exhibit 149); List of DNC Contributors for September 29, 1992, Gore Economic Event, DNC 4125867.2 and DNC 4125867.3 (Exhibit 150); <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998. All of David and Christina Yeh's 1992 contributions for which the Committee has obtained DNC contribution information were solicited by Bob Burkett. Ex. 146 DNC Check Tracking Form for Bank of America Check No. 208 from David and Christina M. K. Yeh to the DNC Victory Fund in the Amount of \$5,000, August 18, 1992, DNC 3310341; Ex. 147 DNC Check Tracking Form for Bank of America Check No. 209 from David and Christina M. K. Yeh to the DNC Victory Fund in the Amount of \$5,000, August 18, 1992, DNC 3310342; Ex. 148 DNC Check Tracking Form for Bank of America Check No. 943 from David and Christina M. K. Yeh to the DNC Victory Fund in the Amount of \$5,000, August 23, 1992, DNC 3310339; Ex. 149 DNC Check Tracking Form for Bank of America Check No. 944

<u>Name</u>	<u>Check Date</u>	<u>FEC Date</u>	<u>Recipient</u>	<u>Amount</u>
David Yeh	08/03/92	09/29/92	DNC	
\$5,000				
David Yeh	08/08/92	09/29/92	DNC	
\$5,000				
David Yeh	08/18/92	10/07/92	DNC	
\$5,000				
David Yeh	08/18/92	10/07/92	DNC	
\$5,000				
Christina Yeh		09/29/92	DNC	
\$5,000				
Christina Yeh		09/29/92	DNC	
\$5,000				
Christina Yeh		10/07/92	DNC	
\$5,000				
Christina Yeh		10/07/92	DNC	
\$5,000				

On September 21, 1992—before any of his 1992 contribution checks to the DNC cleared his account²⁶⁴—David Yeh received a wire transfer in the amount of \$19,985 into his checking account at Bank of America.²⁶⁵ His account balance was \$3,368.63 at the time of the transfer.²⁶⁶ The wire transfer originated from an unidentified account within the United States.²⁶⁷

Christina Yeh made her 1992 contributions from her and David Yeh’s checking account at LippoBank.²⁶⁸ The Committee has subpoenaed her bank records and is awaiting their delivery.

from David and Christina M. K. Yeh to the DNC Victory Fund in the Amount of \$5,000, August 28, 1992, DNC 3310340. David Yeh’s annual salary as an executive of Hip Hing Holdings was \$73,333 as of December 28, 1990. Ex. 116 Hip Hing Holdings Payroll Records, HHH 5761 and HHH 5758.

²⁶⁴ Bank of America Account Statement for David and Christina M.K. Yeh, October 8, 1992 (Exhibit 151); Bank of America Account Statement for David and Christina M.K. Yeh, November 5, 1992 (Exhibit 152).

²⁶⁵ Ex. 151 Bank of America Account Statement for David and Christina M.K. Yeh, October 8, 1992. In addition to David and Christina Yeh, Lippo employee Ricor Da Silveira is a signatory on the personal checking account of the Yehs held at Bank of America. Bank of America Master Agreement (Exhibit 153).

²⁶⁶ *Id.*

²⁶⁷ Bank of America was unable to locate the wire transfer report for this transaction. Bank of America Subpoena Processing Department No. 5473 List of Requested Items Not Produced to the Committee, September 29, 1998 (Exhibit 154). As a result, the only information available to the Committee regarding this \$19,985 wire transfer is detailed on the account statement. The wire transfer appears to be a domestically initiated transaction rather than an internationally initiated transaction because it is described as a “fedwire” rather than an “international money transfer,” the description given to wire transfers originating abroad. Ex. 151 Bank of America Account Statement for David and Christina M.K. Yeh, October 8, 1992; *cf.* Bank of America Account Statement for David and Christina M.K. Yeh, October 7, 1993 (Exhibit 155).

²⁶⁸ See Ex. 148 DNC Check Tracking Form for LippoBank Check No. 943 from David and Christina M. K. Yeh to the DNC Victory Fund in the Amount of \$5,000, August 23, 1992, DNC 3310339; Ex. 149 DNC

In addition to the foregoing, the Yehs contributed an additional \$20,000 to the DNC²⁶⁹ and \$12,000 to congressional and senatorial candidates between 1990 and 1994.²⁷⁰ The Yehs' 1993 contributions to the DNC totaling \$20,000 were made in conjunction with the September 27, 1993, dinner featuring Vice President Al Gore.²⁷¹ Both David and

Check Tracking Form for LippoBank Check No. 944 from David and Christina M. K. Yeh to the DNC Victory Fund in the Amount of \$5,000, August 28, 1992, DNC 3310340.

²⁶⁹ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998. On September 28, 1993—before his September 27, 1993, check to the DNC cleared his account, David Yeh received a wire transfer in the amount of \$20,000 into his checking account at the Bank of America. Bank of America Check No. 0104 from David and Christina M. K. Yeh to the DNC in the Amount of \$10,000, September 27, 1993, and Bank of America Check No. 0105 from David and Christina M. K. Yeh to the DNC in the Amount of \$10,000, September 27, 1993 (Exhibit 156); Ex. Bank of America Account Statement for David and Christina M.K. Yeh, October 7, 1993; Bank of America Account Statement of David and Christina M. K. Yeh, November 5, 1993 (Exhibit 157); Bank of America Wire Transfer Report of David and Christina M.K. Yeh, September 28, 1993 (Exhibit 158). His account balance was \$13,050.47 at the time of the transfer. Ex. 155 Bank of America Account Statement for David and Christina M.K. Yeh, October 7, 1993. The wire transfer originated from what appears to be David Yeh's bank account at the Hong Kong Chinese Bank, a bank located in Hong Kong and controlled by the Riadys and the Chinese government. Ex. 158 Bank of America Wire Transfer Report of David and Christina M.K. Yeh, September 28, 1993; *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rep. No. 167, 195th Cong., 2d Sess., vol. 1, 1120 (1998).

²⁷⁰ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998; David Yeh: September 28, 1990, \$1,000 to Sen. Harvey B. Gantt; June 10, 1993, \$1,000 to Sen. Charles S. Robb; October 15, 1993, \$10,000 to the DNC; October 25, 1993, \$1,000 to Sen. James R. Sasser (D-TN); December 23, 1993, \$1,000 to Sen. Larry Pressler (R-SD); May 23, 1994, \$1,000 to Rep. Joseph P. Kennedy (D-MA-8); September 30, 1994, \$1,000 to Rep. Mark Takano (D-CA-43); October 11, 1994, \$2,000 to the Effective Government Committee. Christina Yeh: June 10, 1993, \$1,000 to Sen. Charles S. Robb (D-VA); October 15, 1993, \$10,000 to the DNC; October 25, 1993, \$1,000 to Sen. James R. Sasser (D-TN); December 23, 1993, \$1,000 to Sen. Larry Pressler (R-SD); May 23, 1994, \$1,000 to Rep. Joseph P. Kennedy (D-MA-8); Ex. Bank of America Check No. 0104 from David and Christina M. K. Yeh to the DNC in the Amount of \$10,000, September 27, 1993, and Bank of America Check No. 0105 from David and Christina M. K. Yeh to the DNC in the Amount of \$10,000, September 27, 1993; DNC Check Tracking Form for Bank of America Check No. 0104 from David and Christina M. K. Yeh to the DNC in the Amount of \$10,000, September 27, 1993, DNC 0039320 (Exhibit 159); DNC Check Tracking Form for Bank of America Check No. 0105 from David and Christina M. K. Yeh to the DNC in the Amount of \$10,000, September 27, 1993, DNC 0039322 (Exhibit 160). See also Bank of America Check No. 283 from David and Christina M.K. Yeh to Citizens for Joe Kennedy in the Amount of \$1,000, April 18, 1994, Bank of America Check No. 285 from David and Christina M.K. Yeh to Citizens for Joe Kennedy in the Amount of \$1,000, April 18, 1994, and Bank of America Check No. 0112 from David and Christina M.K. Yeh to Gray Davis 1994 Committee in the Amount of \$1,000, November 30, 1993 (Exhibit 161); Bank of America Check No. 0115 from David and Christina M.K. Yeh to Friends of Larry Pressler in the Amount of \$1,000, December 1, 1993, Bank of America Check No. 0117 from David and Christina M.K. Yeh to Friends of Larry Pressler in the Amount of \$1,000, December 1, 1993, and Bank of America Check No. 0114 from David and Christina M.K. Yeh to Gray Davis 1994 Committee in the Amount of \$1,000, November 30, 1993 (Exhibit 162); Bank of America Check No. 0101 from David and Christina M.K. Yeh to Sasser for Senate Committee in the Amount of \$1,000, September 16, 1993, Bank of America Check No. 246 from David and Christina M.K. Yeh to Friends of Robb for Senate in the Amount of \$1,000, May 22, 1993, and Bank of America Check No. 250 from David and Christina M.K. Yeh to Robb for Senate in the Amount of \$1,000, May 23, 1993 (Exhibit 163).

Christina Yehs' \$10,000 contributions were solicited by John Huang.²⁷² According to DNC documents relating to that event, David Yeh was a "permanent U.S. citizen living abroad" at the time of the contribution.²⁷³

Former Lippo executive Bie Chuan Ong told Committee counsels that he knows David Yeh but is unaware of any fund-raising activities by Yeh and is unaware of his current employment.²⁷⁴ The Committee believes that David and Christina Yeh are currently residing in Hong Kong and have been there since 1992.²⁷⁵ According to press accounts and former Lippo executive Charles DeQueljo, as of June 1998, David Yeh was serving as Executive Director of Lippo Limited in Hong Kong.²⁷⁶

In recent interrogatories to the DNC, the Committee requested information regarding contributions made by David Yeh. The DNC responded:

To our knowledge, the referenced contribution from David Yeh does not fall into any of the seven categories involved in the DNC's review of prior contributions Further, no information has been brought to our attention calling into question the legality or appropriateness of Mr. Yeh's contribution.²⁷⁷

The same response was given regarding Christina Yeh's contributions.²⁷⁸ The DNC has retained the Yehs' contributions.

The Committee has been unable to identify the ultimate source of the funds used for the contributions because the Yehs are residing outside the United States, but the Committee is continuing its review of their contributions. That fact notwithstanding, on March 19, 1997, House Minority Leader Dick Gephardt returned \$22,000 in campaign contributions, which included \$2,000 contributed by Lippo executive David Yeh.²⁷⁹ Gephardt returned an additional \$10,500 contributed by other individuals with ties to Lippo, including Agus Setiawan, \$2,000; Joseph Sund, \$2,500; Susanto Widjaja, \$1,000; and Charles and Susan DeQueljo, \$5,000.²⁸⁰ According to Gephardt's press secretary, Laura Nichols, "[Gephardt] didn't feel it would be appropriate to retain those contributions There is a question about the actual source of these funds."²⁸¹

²⁷¹ Ex. 159 DNC Check Tracking Form for Bank of America Check No. 0104 from David and Christina M. K. Yeh to the DNC in the Amount of \$10,000, September 27, 1993, DNC 0039320; Ex. 160 DNC Check Tracking Form for Bank of America Check No. 0105 from David and Christina M. K. Yeh to the DNC in the Amount of \$10,000, September 27, 1993, DNC 0039322.

²⁷² *Id.*

²⁷³ *Id.*

²⁷⁴ Committee Interview of Bie Chuan Ong, September 9, 1997.

²⁷⁵ Committee Interview of Betty Wong, August 18, 1997.

²⁷⁶ Joseph Lo, "Lippo Chief Rules Out Expansion," *South China Morning Post*, June 30, 1998, at 2; *see also*, Committee Deposition of Charles DeQueljo, 53-54.

²⁷⁷ DNC Responses to the Committee's June 23, 1998, Interrogatories, August 6, 1998, 19-20.

²⁷⁸ *Id.* at 18-19.

²⁷⁹ "Gephardt Returns \$22,000," *Associated Press*, March 19, 1997.

²⁸⁰ *Id.*

²⁸¹ *Id.* (emphasis added).

FEC data indicates that David and Christina Yeh each contributed \$1,000 to Senator Larry Pressler in December 1993.²⁸² Senator Pressler returned the Yehs' contributions in October 1996,²⁸³ apparently upon learning of their potential link to the Lippo Group.²⁸⁴ In May 1994, Rep. Joseph Kennedy received \$1,000 contributions from both David and Christina Yeh but returned the contributions in February and March 1997 respectively.²⁸⁵

As previously indicated, the DNC has retained the Yehs' contributions totaling \$60,000. However, applying the DNC's own standards of review, given the unavailability of the Yehs and the questionable status of these contributions, the DNC should follow the practice of House Minority Leader Richard Gephardt, Rep. Joseph Kennedy and Senator Pressler: the Yehs' contributions are suspect and, therefore, should be disgorged to the U.S. Treasury.²⁸⁶

Felix Ma \$15,000 and Mary Ma \$25,000 (Suspect)

During August and September 1992, Felix Ma, a Lippo executive,²⁸⁷ in conjunction with his wife, Mary Ma, issued eight checks to the DSCC and various state Democratic parties—many of the same ones targeted by the Riadys—totaling \$40,000 as detailed below:²⁸⁸

²⁸² <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

²⁸³ *Id.*

²⁸⁴ [Rapid City Journal, March 16, 1997.](#)

²⁸⁵ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

²⁸⁶ See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; Ex. Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998; Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9.

²⁸⁷ See Memorandum from John Huang to M.C. Lee and Felix Ma, August 24, 1993, (Exhibit 164).

²⁸⁸ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998; DNC Check Tracking Form for LippoBank Check No. 189 from Felix or Mary L. M. Ma to the Ohio State Democratic Party Federal Account in the Amount of \$5,000, September 30, 1992 (Exhibit 165); Ohio State Democratic Party Check Tracking Form for Check No. 239 from Felix or Mary L. M. Ma to the Ohio State Democratic Party in the Amount of \$5,000, September 20, 1992 (Exhibit 166); LippoBank Check No. 239 from Felix or Mary L. M. Ma to the Ohio State Democratic Party in the Amount of \$5,000, September 20, 1992 (Exhibit 167); LippoBank Check No. 195 from Felix or Mary L. M. Ma to the DSCC in the Amount of \$5,000, September 25, 1992, and LippoBank Check No. 196 from Felix or Mary L. M. Ma to the DSCC in the Amount of \$5,000, September 30, 1992 (Exhibit 168); LippoBank Check No. 194 from Felix or Mary L. M. Ma to the Michigan State Democratic Party in the Amount of \$5,000, September 15, 1992 (Exhibit 169); LippoBank Check No. 189 from Felix or Mary L. M. Ma to the Ohio State Democratic Party in the Amount of \$5,000, September 30, 1992, LippoBank Check No. 186 from Felix or Mary L. M. Ma to the DSCC in the Amount of \$5,000, August 30, 1992, and LippoBank Check No. 187 from Felix or Mary L. M. Ma to the Michigan State Democratic Party in the Amount of \$5,000, September 10, 1992 (Exhibit 170); LippoBank Checking Account Statement of Felix Ma or Mary L.M. Ma, September 25, 1992 (Exhibit 171); LippoBank Checking Account Statement of

<u>Name</u>	<u>Check Date</u>	<u>FEC Date</u>	<u>Recipient</u>	<u>Amount</u>
Felix Ma	08/30/92	10/23/92	DSCC	\$5,000
Felix Ma	09/10/92	10/23/92	Michigan Democratic	\$5,000
Party				
Felix Ma	09/30/92	10/23/92	Ohio Democratic Party	\$5,000
Mary Ma	09/15/92	10/27/92	Michigan Democratic	\$5,000
Party				
Mary Ma	09/25/92	10/22/92	DSCC	\$5,000 ²⁸⁹
Mary Ma	09/30/92		DSCC	\$5,000 ²⁹⁰
Mary Ma		10/23/92	Missouri Democratic Party	\$5,000 ²⁹¹
Mary Ma		10/28/92	Ohio Democratic Party	\$5,000

On the DNC's information card for Felix Ma's contribution to the Ohio Democratic party, he described himself as the Director of Lippo Hong Kong²⁹² and as of March 1993, continued to serve in that position.²⁹³

The funds used for the \$40,000 in contributions detailed above appear to have originated, at least in part, with California Land Merchants, a company currently under review by the Committee.²⁹⁴ A check issued by California Land Merchants totaling

Felix Ma or Mary L.M. Ma, October 26, 1992 (Exhibit 172); LippoBank Checking Account Statement of Felix Ma or Mary L.M. Ma, November 25, 1992 (Exhibit 173).

²⁸⁹ Contrary to FEC data, bank records indicate that this contribution was made by Mary Ma not Felix Ma. This discrepancy appears to be an administrative error. Ex. 168 LippoBank Check No. 195 from Felix or Mary L. M. Ma to the DSCC in the Amount of \$5,000, September 25, 1992.

²⁹⁰ The FEC data does not list Mary Ma's \$5,000 contribution to the DSCC although her bank records indicate that she did contribute to the DSCC, and the DSCC did negotiate the check. This appears to be an administrative error. See Ex. 168 LippoBank Check No. 196 from Felix or Mary L. M. Ma to the DSCC in the Amount of \$5,000, September 30, 1992.

²⁹¹ The FEC data indicates that Felix Ma contributed \$5,000 to the Missouri Democratic Party, but the Mas' bank records do not confirm that. This appears to be an administrative error. <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

²⁹² Ex. 165 DNC Check Tracking Form for LippoBank Check No. 189 from Felix or Mary L. M. Ma to the Ohio State Democratic Party Federal Account in the Amount of \$5,000, September 30, 1992.

²⁹³ Kenneth Ko, "Henderson in \$2.43b Yantai deal," *South China Morning Post*, March 27, 1993, at 2.

²⁹⁴ A deposit of check no. 295 from California Land Merchants in the amount of \$15,000 was deposited into the LippoBank account of Felix and Mary Ma on September 3, 1992. The check bounced and was re-deposited on September 10, 1992. Ex. 171 LippoBank Checking Account Statement of Felix Ma or Mary L.M. Ma, September 25, 1992; LippoBank Deposit Ticket in the Amount of \$15,000 of Felix Ma or Mary L.M. Ma, September 3, 1992, and Sierra National Bank Check No. 295 from California Land Merchants to Felix and Mary Ma in the Amount of \$15,000, September 1, 1992, (Exhibit 174); LippoBank Deposit Ticket of Felix Ma or Mary L.M. Ma in the Amount of \$15,000, September 10, 1992, and Sierra National

\$15,000 was deposited into the LippoBank account of Felix and Mary Ma on September 10, 1992.²⁹⁵ An additional \$15,000 from an unidentified source was deposited in that same account on September 2, 1992.²⁹⁶

On August 24, 1993, John Huang wrote a memorandum to Felix Ma which states in pertinent part:

Senator Larry Pressler is coming to Shanghai. See if we might be able to arrange a dinner in Shanghai for him on Tuesday, August 31, 1993 at 6:00 p.m.²⁹⁷

FEC data indicates that Felix and Mary Ma each contributed \$1,000 to Senator Larry Pressler in December 1993.²⁹⁸ Senator Pressler returned the Mas' contributions in October 1996²⁹⁹ apparently upon learning of their link to the Lippo Group.³⁰⁰ In addition to the foregoing, the Mas contributed \$20,000 to the DNC and \$15,500 to congressional and senatorial candidates between 1993 and 1995.³⁰¹

In recent interrogatories to the DNC, the Committee requested information regarding contributions made by Felix Ma. The DNC responded:

Bank Check from California Land Merchants to Felix and Mary Ma in the Amount of \$15,000, September 1, 1992, (Exhibit 175).

²⁹⁵ *Id.*

²⁹⁶ LippoBank Deposit Ticket of Felix Ma or Mary L.M. Ma in the Amount of \$15,000, September 2, 1992, and a Check to Felix or Mary Ma from an Illegible Source in the Amount of \$15,000, Date Illegible, (Exhibit 176).

²⁹⁷ Ex. Memorandum from John Huang to M.C. Lee and Felix Ma, August 24, 1993.

²⁹⁸ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

²⁹⁹ *Id.*

³⁰⁰ *Rapid City Journal*, March 16, 1997.

³⁰¹ Felix Ma: June 10, 1993, \$1,000 to Sen. Charles S. Robb (D-VA); July 17, 1993, \$1,000 to Rep. Gary L. Ackerman (D-NY-7); August 10, 1993, \$1,000 to Sen. Harris L. Wofford (D-PA); October 15, 1993, \$10,000 to the DNC; October 25, 1993, \$1,000 to Sen. James R. Sasser (D-TN); December 6, 1993, \$1,000 to Sen. Edward M. Kennedy (D-MA); May 23, 1994, \$2,000 to Sen. Dianne Feinstein (D-CA); May 23, 1994, \$500 to Sen. Dianne Feinstein (D-CA); July 18, 1994, \$1,000 to Sen. Dianne Feinstein (D-CA). Mary Ma: June 10, 1993, \$1,000 to Sen. Charles S. Robb (D-VA); July 17, 1993, \$1,000 to Rep. Gary L. Ackerman (D-NY-7); October 25, 1993, \$1,000 to Sen. James R. Sasser (D-TN); May 23, 1994, \$2,000 to Sen. Dianne Feinstein (D-CA); May 23, 1994, \$500 to Sen. Dianne Feinstein (D-CA); July 18, 1994, \$1,000 to Sen. Dianne Feinstein (D-CA); October 15, 1993, \$10,000 to the DNC; December 8, 1995, \$500 to John C. Edwards (D-AR-2). <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998; DNC Check Tracking Form for LippoBank Check No. 258 from Felix Ma or Mary L. M. Ma to the DNC in the Amount of \$10,000, September 30, 1993, DNC 0039321 (Exhibit 177); DNC Check Tracking Form for LippoBank Check No. 259 from Felix Ma or Mary L. M. Ma to the DNC in the Amount of \$10,000, September 30, 1993, DNC 0039319 (Exhibit 178); Ex. LippoBank Checking Account Statement of Felix Ma or Mary L.M. Ma, October 25, 1993 (Exhibit 179); LippoBank Check No. 258 from Felix Ma or Mary L. M. Ma to the DNC in the Amount of \$10,000, September 30, 1993, and LippoBank Check No. 259 from Felix Ma or Mary L. M. Ma to the DNC in the Amount of \$10,000, September 30, 1993 (Exhibit 180).

To our knowledge, the referenced contribution from Mr. Ma does not fall into any of the seven categories involved in the DNC's review of prior contributions Further, no information has been brought to our attention calling into question the legality or appropriateness of the referenced contribution.³⁰²

The same response was given regarding Mary Ma's contributions.³⁰³ As is evident from their response, the DNC has retained the Mas' contributions.

The Committee has been unable to locate Felix and Mary Ma or identify the ultimate source of the funds used for the contributions but is continuing its review. However, on March 10, 1997, Sen. Dianne Feinstein announced the return of \$12,000 in contributions to her senatorial campaign which included \$2,000 contributed by Felix Ma and \$2,000 by Mary Ma.³⁰⁴ Feinstein also returned an additional \$8,000 contributed by other individuals with ties to Lippo, including Joseph Sund, \$2,000; Charles DeQueljo, \$2,000; Susan Hene-DeQueljo, \$2,000; and Kenneth Wynn, \$2,000.³⁰⁵ According to Bill Chandler, Feinstein's state director based in San Francisco, "[t]he senator believes these contributions to be legal but because of the uproar over LippoBank she wanted to exert extreme caution and return the funds These are all the contributions we know to be related to Lippo Bank."³⁰⁶

In December 1993, Sen. Edward M. Kennedy received a \$1,000 contribution from Felix Ma but returned the contribution in December 1996.³⁰⁷ The DNC, DSCC, the Ohio Democratic Party, the Michigan Democratic Party and the Missouri Democratic Party have retained the Mas' contributions.³⁰⁸ However, applying the DNC's own standards of review, given the unavailability of the Mas and the questionable status of these contributions, the DNC, DSCC and state parties should follow the practice of Senators Feinstein, Kennedy and Pressler: the Mas' contributions are suspect and, therefore, should be disgorged to the U.S. Treasury.³⁰⁹

Joseph Sund \$20,000 (Suspect)

Joseph Sund is a Lippo executive who contributed \$20,000 to Democratic causes—again many of the same ones targeted by the Riadys—during the 1992 election

³⁰² DNC's Responses to the Committee's June 23, 1998, Interrogatories, August 6, 1998, at 16-17.

³⁰³ *Id.* at 17-18.

³⁰⁴ Judy Holland and Charles J. Lewis, "China Donor Saga Widens: Boxer, Pelosi Say They, Too, Were Warned by FBI," *San Francisco Examiner*, March 10, 1997, at A1.

³⁰⁵ *Id.*

³⁰⁶ *Id.*

³⁰⁷ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

³⁰⁸ *See Id.*

³⁰⁹ *See* FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; Ex. Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998; Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9.

cycle.³¹⁰ Joseph Sund has served as an executive for a variety of Lippo controlled companies including Tati Group Limited of Hong Kong.³¹¹ As of December 31, 1996, Sund was employed in the Lippo Group's real estate brokerage office in Beijing, China.³¹² Sund, simultaneous with his employment at Lippo, served as President of Pacific Trade Enterprises, Inc., a New York corporation, as late as September 30, 1993.³¹³

During the period September 23-30, 1992, Joseph Sund issued three checks to Democratic causes totaling \$20,000 as detailed below:³¹⁴

<u>Name</u>	<u>Check Date</u>	<u>FEC Date</u>	<u>Recipient</u>	<u>Amount</u>
Joseph Sund \$10,000	09/24/92	09/28/92	DNC	
Joseph Sund \$5,000	09/30/92	10/21/92	Arkansas Democratic Party	
Joseph Sund \$5,000		10/23/92	Michigan Democratic Party	

The extent of Joseph Sund's other fund-raising activity is unclear. However, on August 26, 1993, LippoBank employee Dewi C. Tirto wrote a memorandum to Joseph Sund which states in pertinent part:

John Huang asked me to inform you that Senator Pressler will be staying at [sic] Portman Hotel in Shanghai. FYI, the following are Committee assignments of Senator Pressler:

- Commerce, Science & Transportation
- Foreign Relations
- Judiciary [sic]
- Small Business
- Special Aging³¹⁵

³¹⁰ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

³¹¹ Ex. 128 Memorandum from Joseph Sund to John Huang, March 23, 1993, HHH 4578 and HHH 4579; Memorandum from Joseph Sund to John Huang, April 9, 1993, HHH 4589 (Exhibit 181).

³¹² Gwen Lyle and Mark Wu, "China: Housing Construction Market," *Industry Sector Analysis*, December 31, 1996.

³¹³ New York Department of State, Corporate Records.

³¹⁴ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998; Ex. List of DNC Contributors for September 29, 1992, Gore Economic Event, DNC 4125867.2; DNC Finance Executive Summary for Joseph T. Sund, April 24, 1998, DNC 4368568 (Exhibit 182); Independence Savings Bank Check No. 104 from Joseph Tat Sund to the Michigan State Democratic Party/Federal Account in the Amount of \$5,000, September 30, 1992, Independence Savings Bank Check No. 105 from Joseph Tat Sund to the DNC Victory Fund in the Amount of \$10,000, September 24, 1992, and Independence Savings Bank Check No. 106 from Joseph Tat Sund to the Arkansas State Democratic Party in the Amount of \$5,000, September 23, 1992 (Exhibit 183); DNC Check Tracking Form for Independence Savings Bank Check No. 105 from Joseph Tat Sund to the DNC Victory Fund in the Amount of \$10,000, September 24, 1992, DNC 3310338 (Exhibit 184). The Committee has received DNC contribution information only for Sund's 1992 contribution to the DNC, which was solicited by Bob Burkett. *Id.*

FEC data indicates that Joseph and his wife Hylen Sund each contributed \$1,000 to Senator Larry Pressler in December 1993.³¹⁶ Senator Pressler returned the Sunds' contributions in October 1996, apparently upon learning of their potential link to the Lippo Group.³¹⁷ In addition to the foregoing, the Sunds contributed \$20,000 to the DNC and \$13,500 to congressional and senatorial candidates.³¹⁸

In recent interrogatories to the DNC, the Committee requested information regarding a contribution made by Joseph Sund. The DNC responded:

To our knowledge, the referenced contribution from Joseph Sund does not fall into any of the seven categories involved in the DNC's review of prior contributions Further, no information has been brought to our attention calling into question the legality or appropriateness of Mr. Sund's contribution.³¹⁹

As is evident from their response, the DNC has retained Joseph Sund's contributions.

The Committee has located Joseph Sund who—according to his attorney—is residing in China and is currently engaged in discussions with his attorneys to secure his testimony. The Committee has thus far been unable to identify the ultimate source of the funds used for the contributions due to lack of cooperation from Sund, but is continuing its review. That fact notwithstanding, as detailed earlier, on March 19, 1997, House Minority Leader Dick Gephardt returned \$22,000 in campaign contributions which included \$2,500 contributed by former Lippo executive Joseph Sund.³²⁰ Similarly, Joseph Sund's \$2,000 contribution to Senator Dianne Feinstein was one of six returned in March 1997 because of the contributors' ties to the Lippo Group.³²¹ Apparently, Senator Feinstein, like Rep.

³¹⁵ Memorandum from Dewi C. Tirto to Joseph Sund, August 26, 1993, HHH 4588 (Exhibit 185).

³¹⁶ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

³¹⁷ *Id.*

³¹⁸ *Id.*; Manufacturers Hanover Check No. 4107 from Joseph Sund and Hylen Sund to the DNC in the Amount of \$5,000, September 27, 1993, DNC 0102552 (Exhibit 186); Manufacturers Hanover Check No. 4108 from Joseph Sund and Hylen Sund to the DNC in the Amount of \$5,000, September 30, 1993, DNC 0102553 (Exhibit 187); Manufacturers Hanover Check No. 211 from Pacific Trade Enterprises, Inc. to the DNC in the Amount of \$10,000, September 28, 1993, DNC 0102895 (Exhibit 188) (Joseph Sund contributed \$10,000 to the DNC on September 30, 1993, through his company Pacific Trade Enterprises, Inc.); <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998. Joseph Sund: June 30, 1993, \$1,000 to Sen. Charles S. Robb (D-VA); July 7, 1993, \$1,000 to Rep. Gary L. Ackerman (D-NY-7); July 15, 1993, \$1,000 to Sen. Paul Simon (D-IL); August 10, 1993, \$1,000 to Sen. Harris L. Wofford (D-PA); September 30, 1993, \$5,000 to the DNC; September 30, 1993, \$5,000 to the DNC; May 24, 1994, \$5,000 to Sen. Dianne Feinstein (D-CA); October 11, 1994, \$2,500 to the Effective Government Committee. Hylen Sund: June 10, 1993, \$1,000 to Sen. Charles S. Robb (D-VA); July 1, 1994, \$2,000 to Sen. Dianne Feinstein (D-CA). Joseph Sund contributed \$10,000 to the DNC on September 30, 1993, through his company Pacific Trade Enterprises, Inc.

³¹⁹ DNC's Responses to the Committee's June 23, 1998, Interrogatories, August 6, 1998, at 10-11.

³²⁰ "Gephardt Returns \$22,000," *Associated Press*, March 19, 1997, at A37.

³²¹ "China Donor Saga Widens: Boxer, Pelosi Say They, Too, Were Warned by FBI," *San Francisco Examiner*, March 10, 1997.

Gephardt, had concerns over the ultimate source of the funds, although Senator Feinstein has yet to return the \$2,000 contributed to her campaign by Hylen Sund in 1994.³²²

The DNC, the Arkansas Democratic Party and the Michigan Democratic Party have retained Joseph Sund's contributions.³²³ However, applying the DNC's own standards of review, given the unavailability of Sund and the questionable status of these contributions, the DNC and state parties should follow the practice of House Minority Leader Richard Gephardt, Senator Feinstein and Senator Pressler: Sund's contributions are suspect and, therefore, should be disgorged to the U.S. Treasury.³²⁴

C. Contributions by Lippo Controlled Entities During the 1994 Election Cycle

Hip Hing Holdings \$22,500, San Jose Holdings \$15,000 and Toy Center Holdings \$17,500 (Suspect)

On September 27, 1993, the DNC held a fund-raiser in Los Angeles featuring Vice President Al Gore.³²⁵ In addition to John and Jane Huang, Agus Setiawan, then-Vice President of Marketing for LippoBank, and Jueren Shen, a foreign national and Chairman of the China Resources Group—a company owned and operated by the Communist Chinese government and identified as a Chinese intelligence gathering operation³²⁶—were also in attendance.³²⁷ In conjunction with this event, three Lippo-related companies contributed a total of \$45,000 to the DNC as detailed below:

On September 23, 1993, in conjunction with this event, Lippo Group subsidiaries Hip Hing Holdings, San Jose Holdings, Inc. ("San Jose Holdings") and Toy Center Holdings of California, Inc. ("Toy Center Holdings")³²⁸ each contributed \$15,000 to the DNC under the signature of then-Lippo executives John Huang and Agus Setiawan.³²⁹

³²² <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

³²³ *Id.*

³²⁴ See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; Ex. Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998; Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9.

³²⁵ Letter from John Huang to Jack Quinn, October 7, 1993, EOP 049490 (Exhibit 189); Karatz Residence DNC Reception Logistics and Guest List, EOP 000959-EOP 000964 (Exhibit 190).

³²⁶ *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rep. No. 167, 195th Cong., 2d Sess., vol. 2, 2504 (1998).

³²⁷ Ex. 190 Karatz Residence DNC Reception Logistics and Guest List, EOP 000959-EOP 000964.

³²⁸ List of Directors and Officers for Lippo Group Companies in USA, June 1, 1990, HHH 0850, HHH 0847, and HHH 0849 (Exhibit 191); see also *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rep. No. 167, 195th Cong., 2d Sess., vol. 2, 2504 (1998) (citing *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental*

Hip Hing Holdings also contributed \$2,500 to the DNC on May 29, 1993,³³⁰ and \$5,000 to the California Democratic Party on September 29, 1993.³³¹ On May 28, 1993, Toy Center Holdings contributed an additional \$2,500 to the DNC.³³² All three subsidiaries generated negative net income for the fiscal year ending December 31, 1993, during which the contributions were made.

According to documents produced to the Committee, during the fiscal year ending December 31, 1993, Hip Hing Holdings generated a gross income of only \$35,200 and a negative net income of \$-493,802.93.³³³ Of its \$35,200 in gross income, \$32,960 was expended on “Contribution [sic] and Donations.”³³⁴ Hip Hing Holdings’ only asset at the time of the contribution was a vacant parking lot in Los Angeles.³³⁵

San Jose Holdings, a real estate holding company,³³⁶ generated a gross income of \$172,108 and a negative net income of \$-65,177.09.³³⁷ Of its \$172,108 in gross income, \$35,150 was expended on “Contribution[s] and Donations.”³³⁸

Finally, Toy Center Holdings generated a gross income of \$132,404.24 and a negative net income of \$-26,886.67.³³⁹ Of its \$132,404.24 in gross income, \$33,550 was

Affairs, 105th Cong., 1st Sess., Part II, S. Hrg. 105-300, 13 (1998) (Testimony of Juliana Utomo, July 15, 1997).

³²⁹ DNC Check Tracking Form for LippoBank Check No. 2626 from Hip Hing Holdings to the DNC in the Amount of \$15,000, September 23, 1993, DNC 0102897 (Exhibit 192); DNC Check Tracking Form for LippoBank Check No. 1692 from San Jose Holdings to the DNC in the Amount of \$15,000, September 27, 1993, DNC 0102898 (Exhibit 193); DNC Check Tracking Form for LippoBank Check No. 1458 from Toy Center Holdings to the DNC in the Amount of \$15,000, September 23, 1993, DNC 0102896 (Exhibit 194). According to FEC data, Toy Center Holdings also contributed \$2,500 to the DNC in July 1993; the FEC date is July 15, 1993. On September 27, 1993, Calbot Holdings, Inc., another Lippo subsidiary, contributed \$40,000 to the DNC also under the signatures of John Huang and Agus Setiawan. Bank of Trade/Lippo Group Check No. 1092 from Calbot Holdings to the DNC in the Amount of \$40,000, September 27, 1993, CHI 0035 and CHI 0200 (Exhibit 195). The Committee is investigating the origins of this contribution.

³³⁰ DNC Check Tracking Form for LippoBank Check No. 2572 from Hip Hing Holdings to the DNC in the Amount of \$2,500, May 28, 1993, DNC 0052705 (Exhibit 196).

³³¹ LippoBank Check No. 2628 from Hip Hing Holdings to the California Democratic Party in the Amount of \$5,000, September 29, 1993, HHH 0484 and HHH 0485 (Exhibit 197).

³³² LippoBank Check No. 1418 from Toy Center Holdings to the DNC in the Amount of \$2,500, May 28, 1993, TCH 0048 and TCH 0049 (Exhibit 198); DNC Check Tracking Form for LippoBank Check No. 1418 from Toy Center Holdings to the DNC in the Amount of \$2,500, May 28, 1993, DNC 0052706 (Exhibit 199).

³³³ Hip Hing Holdings Income Statement for the Period Ending December 31, 1993, HHH 0043 (Exhibit 200).

³³⁴ *Id.*

³³⁵ James Warren, “Funds Hearings Focus on China’s Links to Indonesian Conglomerate,” *Chicago Tribune*, July 15, 1997.

³³⁶ *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rep. No. 167, 105th Cong., 2d Sess., vol. 1, 1123 (1998)

³³⁷ San Jose Holdings Income Statement for the Period Ending December 31, 1993 (Exhibit 201).

³³⁸ *Id.*

expended on “Contribution [sic] and Donations.”³⁴⁰ The details of the business conducted by Toy Center Holdings are unknown to the Committee.

In recent interrogatories to the DNC, the Committee requested information regarding the September 23, 1993, contributions of Hip Hing Holdings, San Jose Holdings, and Toy Center Holdings. The DNC responded:

To our knowledge, the referenced contribution from Hip Hing Holdings, Ltd. does not fall into any of the seven categories involved in the DNC’s review of prior contributions Further, no information has been brought to our attention calling into question the legality or appropriateness of the contribution from Hip Hing Holdings, Ltd. . . .³⁴¹

Pursuant to its review of the subsidiaries’ contributions, the DNC reviewed information developed by the Senate Campaign Finance Investigation including the Majority and Minority Reports.³⁴² In proclaiming the legality of the subsidiaries’ contributions in its response to the Committee’s interrogatories, the DNC quoted and relied upon the following passage excerpted from the Senate Minority Report:

In September 1993, the DNC received additional contributions from Hip Hing Holdings and from two other holding companies: San Jose Holdings and Toy Center Holdings. Hip Hing Holdings and Toy Center Holdings each made \$17,500 in contributions to the DNC while San Jose Holdings contributed \$15,000. Unlike the contribution in 1992, however, [of \$50,000 from Hip Hing Holdings], the requests for reimbursement for the months in which the contributions were made do not contain requests for reimbursements of these contributions. Also, unlike the \$50,000 contribution from Hip Hing Holdings in 1992, each of the companies generated sufficient rental income to support the cost of the 1993 contributions. In 1993, Hip Hing Holdings generated \$35,200 in income from rental of the undeveloped property, while San Jose Holdings generated \$155,979 in income, and Toy Center Holdings generated \$167,000 in income. Accordingly, unlike the 1992 contribution, there is no evidence that the 1993 contributions made by Lippo-related entities were reimbursed with money from abroad.³⁴³

An identical response was given regarding the contributions of San Jose Holdings³⁴⁴ and Toy Center Holdings,³⁴⁵ and as evidenced by the foregoing responses, the DNC has retained the \$45,000 in contributions.³⁴⁶

³³⁹ Toy Center Holdings Income Statement for the Period Ending December 31, 1993 (Exhibit 202).

³⁴⁰ *Id.*

³⁴¹ DNC’s Responses to the Committee’s June 23, 1998, Interrogatories, August 6, 1998, at 13-14.

³⁴² *Id.* at 12-14.

³⁴³ *Id.* at 12. (emphasis added in original text) (citations omitted in original text) (citing *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rep. No. 167, 195th Cong., 2d Sess., vol. 4, 4793 (1998)).

³⁴⁴ DNC’s Responses to the Committee’s June 23, 1998, Interrogatories, August 6, 1998, at 14-15.

³⁴⁵ *Id.* at 11-12.

The \$50,000 contribution to the DNC referenced in the Senate Minority Report was made by Hip Hing Holdings in August 1992.³⁴⁷ Hip Hing Holdings was immediately thereafter reimbursed in the amount of \$50,000 by the Lippo Group in Indonesia.³⁴⁸ In July 1997, the DNC immediately returned the \$50,000 that it received from Hip Hing Holdings after learning of its foreign origin from a Senate hearing.³⁴⁹ In the case of the subsidiaries' 1993 contributions totaling \$45,000, the DNC has retained them based upon the fact that the subsidiaries were not reimbursed for the contributions by a foreign source, namely the Lippo Group.³⁵⁰ On this point, the Minority Report and the DNC appear to be correct: “. . . unlike the 1992 [\$50,000] contribution [by Hip Hing Holdings], there is no evidence that the 1993 contributions made by Lippo-related entities were reimbursed with money from abroad.”³⁵¹

However, the DNC's reliance on the example of Hip Hing Holdings' August 1992 contribution in deciding to retain the subsidiaries' 1993 contributions is misplaced. The 1993 contributions are illegal based on James Riady's immigration status. At the time of the contribution Riady was a permanent resident “outside of the United States” and thus ineligible to make political contributions in his personal capacity. But more importantly in this case, having established that—despite his permanent resident status—Riady has been a foreign national pursuant to 2 U.S.C. § 441(e)a since 1991, Riady was also ineligible to participate in the decision of a U.S. corporation to make a political contribution. Pursuant to FEC regulations:

A foreign national shall not direct, dictate, control, or directly or indirectly participate in the decision-making process of any person, such as a corporation, labor organization, or political committee, with regard to such person's federal or nonfederal election-related activities, such as decisions concerning the making of contributions or expenditures in connection with elections for any local, state, or federal office or decisions concerning the administration of a political office.³⁵²

As in the case of the other contributions by Lippo subsidiaries, if Riady played any part whatsoever in any of the subsidiaries' decisions to contribute to the DNC, that decision is tainted by Riady's involvement and the resulting contribution is illegal.

³⁴⁶ *Id.* at 11-15.

³⁴⁷ Ex. 26 LippoBank Check No. 2397 from Hip Hing Holdings to the DNC Victory Fund Non-Federal Account in the Amount of \$50,000, August 12, 1992, HHH 1263.

³⁴⁸ Ex. 27 Memorandum from John Huang and Agus Setiawan to Mrs. Ong Bwee Eng, August 17, 1992, HHH 0238.

³⁴⁹ James Rowley, “The Senate Investigation of Campaign Fund-raising Abuses,” *Associated Press*, July 15, 1997; Lynn Sweet, “Democrats to Return \$50,000 Foreign Contribution,” *Chicago Sun-Times*, July 16, 1997, at 31.

³⁵⁰ DNC's Responses to the Committee's June 23, 1998, Interrogatories, August 6, 1998, at 12-15.

³⁵¹ *Id.* at 12. (emphasis added in original text) (citations omitted in original text) (citing *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rep. No. 167, 105th Cong., 2d Sess., vol. 4, 4793 (1998))

³⁵² FEC Advisory Opinion 1992-16 (citing 11 C.F.R. § 110.4(A)(3)) (emphasis added).

Moreover, the 1993 contributions by Hip Hing Holdings, San Jose Holdings and Toy Center Holdings are legally suspect, not because they each were reimbursed for their contributions, but because the contributions were not made from profits as required by FEC Advisory Opinion 1992-96 which states in pertinent part that “[t]he domestic subsidiary of a foreign corporation may make political contributions even though it received subsidies from its foreign parent if the contributions are made from domestic profits.”³⁵³ In this case, the contributions were made during a period in which the subsidiaries suffered major losses and are legally suspect as a result.

If made today, pursuant to current DNC policy, these contributions would not be accepted. According to DNC counsel Joseph Sandler, “[w]e don’t accept checks from U.S. subsidiaries of foreign corporations as a matter of policy, not of law. So, we would not accept a check from a U.S. subsidiary regardless of the circumstances under our current policy.”³⁵⁴

While there is insufficient evidence to declare the subsidiaries’ \$52,500 in contributions illegal due to insufficient information regarding James Riady’s participation in the decisions to contribute, they are highly suspect and should be returned to the contributors or disgorged to the U.S. Treasury based on the DNC’s own criteria of appropriateness.³⁵⁵ The Committee is continuing its review of the contributions.

Arkansas International Development Corporation \$25,000 (Suspect)

DNC check tracking forms and supporting finance documents indicate that the Arkansas International Development Corporation (“AIDC”)—a corporation initially funded by P.T. Masindo, a subsidiary of the Lippo Group, in the amount of \$50,000³⁵⁶—contributed \$25,000 to the DNC on December 25, 1993.³⁵⁷ On one check tracking form

³⁵³ FEC Advisory Opinion 1992-96; *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rep. No. 167, 195th Cong., 2d Sess., vol. 1, 1124 (1998)(citing FEC Advisory Opinion 1992-96).

³⁵⁴ *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, 105th Cong., 1st Sess., Deposition of Joseph E. Sandler, Esq., May 15, 1997, 79 (emphasis added).

³⁵⁵ See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; Ex. Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998; Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9.

³⁵⁶ *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, Deposition of C.J. “Joe” Giroir, Jr., 15-16, April 30, 1997; see generally Letter from C. Joseph Giroir, Jr., Esq., to Winardi Setiaputra, September 21, 1995, AIDC 000005-AIDC 000006 (AIDC II was also funded in part by the Lippo Group.) (Exhibit 203).

³⁵⁷ DNC Check Tracking Form for Worthen Check No. 1010 from AIDC to the DNC in the Amount of \$25,000, December 25, 1993, DNC 0048739 (Exhibit 204); DNC Check Tracking Form for Worthen Check No. 1010 from AIDC to the DNC in the Amount of \$25,000, December 25, 1993, DNC 1410240 (Exhibit 205).

produced to the Committee, “James Riotti” [sic] was listed as the contact for the contribution.³⁵⁸ A second check tracking form for the same \$25,000 contribution has “James Riotti” [sic] marked through and “Joe Giroir” written instead.³⁵⁹ This contribution was attributed to a BLF fund-raiser noted as “CA - Dinner.”³⁶⁰ Supporting documents describe the fund-raiser as the “Los Angeles Event Pres. Clinton” held on December 17, 1993.³⁶¹

In an undated DNC memorandum from Ann Braziel to former White House aide Mark Middleton regarding “Arkansas Follow-up,” Braziel wrote, “[h]ere are some more prospects/past donors that we couldn’t identify. Do you have any information or advice on them?”³⁶² The first individual enumerated is: “Mr. James Riotti [sic] Arkansas International Development Corp \$25k in 1993.”³⁶³

The “James Riotti” referenced is in fact “James Riady” of the Lippo Group.³⁶⁴ As previously discussed, the Committee has no FEC records of political contributions made by James Riady in his personal capacity after 1992. It is, however, beyond dispute that the AIDC contributed \$25,000 to the DNC on December 25, 1993. At the time of the contribution Riady was a permanent resident “outside of the United States” and thus ineligible to participate in the decision of a U.S. corporation to make a political contribution. In short, if Riady played any part whatsoever in the AIDC’s decision to

³⁵⁸ Ex. 204 DNC Check Tracking Form for Worthen Check No. 1010 from AIDC to the DNC in the Amount of \$25,000, December 25, 1993, DNC 0048739.

³⁵⁹ Ex. 205 DNC Check Tracking Form for Worthen Check No. 1010 from AIDC to the DNC in the Amount of \$25,000, December 25, 1993, DNC 1410240.

³⁶⁰ Ex. 204 DNC Check Tracking Form for Worthen Check No. 1010 from AIDC to the DNC in the Amount of \$25,000, December 25, 1993, DNC 0048739; Ex. 205 DNC Check Tracking Form for Worthen Check No. 1010 from AIDC to the DNC in the Amount of \$25,000, December 25, 1993, DNC 1410240.

³⁶¹ List of DNC Contributors, 12/1/95 to 2/29/96, DNC 4125867.17 (Exhibit 206); *see also* DNC Detail Posting of Mr. James Riotti of AIDC December 17, 1993, DNC 0048107 (Exhibit 207).

³⁶² DNC Memorandum from Ann Braziel to Mark Middleton, Undated, DNC 3001579-DNC 3001580 (Exhibit 208).

³⁶³ *Id.*

³⁶⁴ In recent interrogatories to the DNC, the Committee requested information regarding the \$25,000 contribution made by the AIDC. DNC’s Responses to the Committee’s June 23, 1998, Interrogatories, August 6, 1998, at 29. The DNC responded in pertinent part that:

The contribution was not made by “James Riotti,” but by [sic] Arkansas International Development Corporation. It was deposited into the DNC’s non-federal corporate account as a corporate contribution. “James Riotti” was listed as a “contact” for the company on the check tracking form. I have not identified any information indicating whether this is the correct name and spelling for this person.

Id. at 30-31. The Committee does not dispute the DNC’s characterization of the contribution as a corporate contribution made by the AIDC. But while the DNC is apparently unable to confirm that “James Riotti” [sic] associated with the AIDC is “James Riady” of the Lippo Group, the Committee has gathered overwhelming evidence that “James Riotti” is in fact “James Riady” based on a number of factors including, but not limited to: the Lippo Group’s association with the AIDC, James Riady’s association with C.J. “Joe” Giroir, James Riady’s history of contributing to Democratic causes, and his association with a number of Democratic Arkansans including President Clinton and Mark Middleton.

contribute \$25,000 to the DNC, the contribution is illegal. Precisely how Riady's name came to be associated with this remains a mystery. But in any event, based on the documents excerpted above and the DNC's attribution of the \$25,000 contribution—exactly one-half of the initial capital infusion provided by the Lippo Group to start AIDC—to Riady, it strains credibility to believe that he played no role in the AIDC's decision to contribute.³⁶⁵

Due to insufficient information regarding James Riady's participation in the AIDC's decision to contribute, the Committee cannot conclude with 100% certainty that the contribution is illegal. The evidence available to the Committee does, however, strongly indicate that the AIDC's \$25,000 contribution is illegal and should be disgorged to the U.S. Treasury pursuant to federal law.³⁶⁶ The Committee is continuing its review of the contributions.

D. The Political Involvement and Influence of the Riadys

The Riadys, John and Jane Huang and most of the Lippo employees and their spouses who made contributions have either fled the country or pled the Fifth Amendment in order to avoid incriminating themselves. Against that backdrop, the foregoing contributions appear to be part of a larger scheme and pattern of illegal—or at a minimum questionable—contributions involving the Riadys, their companies and their employees. Their combined 1992 contributions to the Arkansas Democratic Party, for example, were 23% of all contributions received by the Arkansas party from individuals for the 1992 election cycle.³⁶⁷ President Clinton was clearly informed in August 1992—around the time that the Riadys contributed over \$450,000 to Democratic causes—that James Riady was living and based abroad and that his interests were primarily vested in Asia. Given

³⁶⁵ C.J. “Joe” Giroir, Esq. was questioned about an AIDC disbursement relating to Webster Hubbell. The dialogue went as follows:

Counsel: Did you have any reticence about [making a contribution to the Hubbell Family Trust], was it something that you thought about?

Giroir: Well, I didn't want to do it without discussing it with James Riady because I didn't consider it to be a proper business expense for AIDC. And, so, I wanted to be sure that he was in concurrence with me that it would be okay to do.

So, on at least one occasion Giroir consulted with James Riady regarding the disbursements that he did not consider “a proper business expense.” Whether a contribution to the DNC would constitute “a proper business expense” to Giroir is an unanswered question. *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, Deposition of C.J. “Joe” Giroir, Jr., 251-253, April 30, 1997.

³⁶⁶ See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; Ex. Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998; Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9.

³⁶⁷ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

President Clinton and James Riady's close friendship, many questions regarding the President's knowledge of the Riadys' political contributions remain to be answered.

YAH LIN "CHARLIE" TRIE RELATED CONTRIBUTIONS DURING THE 1996 ELECTION CYCLE

Lei Chu \$12,500 (Illegal)

Lei Chu, a onetime close advisor of and assistant to Yah Lin "Charlie" Trie,³⁶⁸ played a key role in Trie's service as a member of the Commission on United States-Pacific Trade and Investment Policy, otherwise known as the Bingaman Commission. Chu drafted a number of policy proposals for the Commission on Trie's behalf and participated in Commission meetings.³⁶⁹ After attending several meetings, she was prohibited from Commission participation by the Chairman of the Commission due to concerns over her ties to foreign corporations.³⁷⁰

On February 18, 1996, Lei Chu flew on China Airlines from Taipei, Taiwan to Los Angeles, California.³⁷¹ The following day she attended the DNC's February 19, 1996, fund-raiser at the Hay Adams Hotel in Washington, D.C.³⁷² This was John Huang's first DNC fund-raiser.³⁷³ At this fund-raiser the President lauded Huang for his fund-raising prowess as excerpted previously. Trie was also in attendance.³⁷⁴ A photograph from the event shows John Huang and then-DNC Chairman Donald Fowler holding a poster size check from the Asian Pacific Leadership to the DNC in the amount of \$1,000,000.³⁷⁵ The Hay Adams fund-raiser failed to raise the funds expected.³⁷⁶ In order to make up for the

³⁶⁸ Lei Chu apparently also has ties to Peter Chen, a one-time employee of the Lippo Group. *See* Memorandum from Peter Chen to Joe Giroir, Antonio Pan, et al., August 12, 1994, AIDC 000972 (Exhibit 209). Chu served as the Vice President of Sun Union Limited of Hong Kong under Sun Union President Peter Chen. Sun Union Limited Business Card of President Peter Chen, A 0003245 (Exhibit 210); Sun Union Limited Business Card of Vice President Lei Chu, A 0003246 (Exhibit 211).

³⁶⁹ Proposal of the U.S.-Asia Trading Partnership Program (USATP), May 14, 1996 (Exhibit 212); "Recommendations for what we can do in U.S.-Asian Trade Policy Formulation," August 1, 1996 (Exhibit 213); "Commission on U.S.-Pacific Trade and Investment Policy: Some Recommendations Before the Asia Trip," August 25, 1996 (Exhibit 214).

³⁷⁰ Committee Interview of Clyde Prestowitz, February 18, 1998.

³⁷¹ U.S. Customs Records for Lei Chu (Exhibit 215).

³⁷² Photograph of Lei Chu at the DNC February 19, 1996, Fund-raiser, Hay-Adams Hotel, Washington, D.C. (Exhibit 216).

³⁷³ *See generally* DNC Briefing for the President of the United States, DNC Asian Pacific American Leadership Council Dinner, February 19, 1996, Hay-Adams Hotel, Washington, D.C., DNC 1579590-DNC 1579600 (Exhibit 217).

³⁷⁴ Photograph of Presidential table at the DNC February 19, 1996, Fund-raiser, Hay-Adams Hotel, Washington, D.C. (Exhibit 218); List of Attendees for the Hay Adams event, February 19, 1996, EOP 058577, EOP 058579-EOP 058580 (Exhibit 219).

³⁷⁵ Photograph of then-DNC Vice Chairman John Huang and Then-DNC Chairman Donald Fowler at the DNC February 19, 1996, Fund-raiser, Hay-Adams Hotel, Washington, D.C. (Exhibit 220).

³⁷⁶ *See* Committee Interview of Tony Hsu, September 3, 1997.

shortfall, conduit contributions were made at the request of and with funds provided by Trie and ex-Lippo executive Antonio Pan in order to reach the \$1,000,000 goal.³⁷⁷

The following day, on February 20, 1996, Chu established a checking account at the Citizens Bank of Washington with an initial cash deposit of \$12,520.³⁷⁸ On that same day, Chu issued starter check no. 90—the first check ever written on that account—in the amount of \$12,500 to the DNC³⁷⁹ in conjunction with the Hay Adams fund-raiser.³⁸⁰ That check cleared Chu's account on February 26, 1996,³⁸¹ and was the sole check written from that account during the period February 1996-July 1996.³⁸² It should be noted that check no. 90 to the DNC—a check drawn on a Washington, D.C. bank—bears a Garland, Texas, address in unidentified handwriting.³⁸³

DNC contribution information lists John Huang as the DNC Contact for Chu's contribution.³⁸⁴ Trie solicited her contribution and his telephone number was provided as Chu's contact number.³⁸⁵ It was Chu's apparent link to Huang and Trie that led to a review of her contribution.³⁸⁶ Ernst & Young was unable to confirm the Garland, Texas, address provided by Chu.³⁸⁷ In addition, the notation "Bad #" was inscribed by the Ernst & Young auditor beside the telephone numbers provided by Chu.³⁸⁸ The Research Information Form was labeled "No Info."³⁸⁹ Finally, Chu's Ernst & Young file was labeled "DER" for Dead End Research.³⁹⁰ The DNC received no helpful information as a result of

³⁷⁷ See *Id.*; see, e.g., Discussion of J & M International, Inc., Manlin Fong, and Joseph Landon, *infra*.

³⁷⁸ Citizens Bank Signature Card of Lei Chu (Exhibit 221); Citizens Bank Deposit Ticket of Lei Chu in the Amount of \$12,520, February 20, 1996 (Exhibit 222); Citizens Bank Cash In Ticket of Lei Chu (Exhibit 223);

Citizens Bank Checking Account Statement of Lei Chu, March 15, 1996 (Exhibit 224); Currency Transaction Report by Form 4789 for Lei Chu, H01805 (Exhibit 225)

³⁷⁹ Ex. 224 Citizens Bank Checking Account Statement of Lei Chu, March 15, 1996; Citizens Bank Check No. 90 from Lei Chu to the DNC in the Amount of \$12,500 (Exhibit 226).

³⁸⁰ DNC Check Tracking Form for Citizens Bank Check No. 90 from Lei Chu to the DNC in the Amount of \$12,500, 000525 (Exhibit 227).

³⁸¹ Ex. 224 Citizens Bank Checking Account Statement of Lei Chu, March 15, 1996.

³⁸² *Id.*; Citizens Bank Checking Account Statement of Lei Chu, April 15, 1996 (Exhibit 228); Citizens Bank Checking Account Statement of Lei Chu, May 15, 1996 (Exhibit 229); Citizens Bank Checking Account Statement of Lei Chu, June 17, 1996 (Exhibit 230); Citizens Bank Checking Account Statement of Lei Chu, July 16, 1996 (Exhibit 231).

³⁸³ Ex. 226 Citizens Bank Check No. 90 from Lei Chu to the DNC in the Amount of \$12,500.

³⁸⁴ Ex. 227 DNC Check Tracking Form for Citizens Bank Check No. 90 from Lei Chu to the DNC in the Amount of \$12,500, 000525.

³⁸⁵ *Id.*

³⁸⁶ DNC's Responses to the Committee's June 23, 1998, Interrogatories, August 6, 1998, at 36-37.

³⁸⁷ Ernst & Young Contribution Review Materials for Lei Chu, DNC 1804805, DNC 1804808, DNC 1804810, and DNC 1804821-DNC 1804822, at 2 and 4 (Exhibit 232).

³⁸⁸ *Id.* at 5.

³⁸⁹ *Id.* at 4.

³⁹⁰ *Id.* at 1. The Committee has received no evidence of IGI's participation in this audit.

its review. Chu has fled the United States and is believed to be living in Taiwan.³⁹¹ The Committee has been unable to contact her.

In recent interrogatories to the DNC, the Committee requested information regarding Chu's contribution. The DNC responded:

The DNC has not returned the referenced contribution from Lei Chu because the information developed during the DNC's review of prior contributions met the criteria for retaining a contribution as set forth in "DNC In-Depth Contribution Review," at page 3.³⁹²

Despite the paucity of information gathered pursuant to the Ernst & Young review, the DNC decided to retain Chu's \$12,500 contribution.³⁹³ That fact notwithstanding, based on Trie's proven history of using conduits to contribute to the DNC³⁹⁴ and the suspicious activity evidenced by Lei Chu's bank records, the evidence indicates that her \$12,500 was an illegal conduit contribution in violation of 2 U.S.C. § 441f. Therefore, pursuant to federal regulations and DNC practice, the DNC should disgorge Chu's \$12,500 contribution to the U.S. Treasury.³⁹⁵

J & M International, Inc. \$25,000 (Illegal)

On February 17, 1996, ex-Lippo executive and business associate of Trie, Antonio Pan, entered the United States at John F. Kennedy International Airport, New York, New York.³⁹⁶ Two days later, on February 19, 1996, Pan, Trie, and Huang attended the DNC Hay Adams Hotel fund-raiser.³⁹⁷ The next day, at 2:45 p.m., Pan, Trie's business partner

³⁹¹ *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, Interview of Mr. and Mrs. Chu Shuo Po, May 22, 1997.

³⁹² DNC's Response to the Committee's June 23, 1998, Interrogatories, August 6, 1998, at 37.

³⁹³ *Id.*

³⁹⁴ It deserves mention that Trie was given credit by the DNC for soliciting the \$100,000 contribution of Jimswood International, Inc. ("Jimswood") of Los Angeles, California. Almost every contribution for which Trie was listed as the solicitor has been determined to be illegal. However, the Committee has determined Jimswood's contribution to be legal. Interestingly, this is not an instance of Trie soliciting a legal contribution. Instead, according to Davisson Wu of Jimswood, Trie did not solicit the \$100,000 contribution. Wu is uncertain why Trie was given credit for soliciting his contribution. *See generally* Letter from Roy H. Aron to Tim Griffin, Esq., September 17, 1998 (discussing Jimswood's contribution and complementing the Committee's investigation for its professionalism) (Exhibit 233).

³⁹⁵ *See* FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; Ex. Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998; Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9.

³⁹⁶ U.S. Customs Records for Antonio Y.P. Pan (Exhibit 234).

³⁹⁷ Photograph of Antonio Y.P. Pan at the DNC February 19, 1996, Fund-raiser, Hay-Adams Hotel, Washington, D.C. (Exhibit 235); Photograph of Yah Lin "Charlie" Trie at the DNC February 19, 1996, Fund-raiser, Hay-Adams Hotel, Washington, D.C. (Exhibit 236); Photograph of John and Jane Huang at the DNC February 19, 1996, Fund-raiser, Hay-Adams Hotel, Washington, D.C. (Exhibit 237).

Ng Lap Seng a.k.a. Mr. Wu, Trie's personal assistant Lei Chu and approximately 15 other individuals entered the White House for a tour arranged by DNC White House Liaison Susan Lavine.³⁹⁸

On February 22, 1996, Pan visited his long-time friend Su Cheng Bin in Flushing, New York.³⁹⁹ Pan asked Su if he was interested in attending a DNC fund-raiser where President Clinton would be in attendance.⁴⁰⁰ Su declined.⁴⁰¹ Pan then inquired if Su had any friends who might be interested in attending.⁴⁰² Su suggested his friend Jack Ho, President of J & M International, Inc. ("J & M"), a travel agency, and subsequently that same day introduced Pan to Ho in a meeting at the Sheraton LaGuardia East Hotel.⁴⁰³ Pan explained to Ho and Su that, due to his immigration status, he was unable to contribute to the DNC legally and, therefore, needed Ho to contribute on his behalf.⁴⁰⁴ Although Su was wary of this arrangement, Ho agreed to do as Pan requested.⁴⁰⁵

At the same February 22, 1996, meeting of Pan, Su, and Ho, ex-Lippo executive Pan delivered to Jack Ho 35 \$1,000 Bank Central Asia travelers check totaling \$35,000,⁴⁰⁶ all of which were purchased as part of a \$200,000 block in Jakarta, Indonesia—home of the Lippo Group and the Riadys.⁴⁰⁷ At Pan's request, Ho cashed \$10,000 in travelers checks for Pan at Citibank, 38-11-17 Main Street, Flushing, New York: Ho cashed five of the checks totaling \$5,000⁴⁰⁸ and deposited the other five totaling \$5,000.⁴⁰⁹ Ho then immediately cashed a check in the amount of \$5,000.⁴¹⁰ Ho then handed the \$10,000 cash over to Pan.⁴¹¹

Ho divided the cashing of the \$10,000 into multiple transactions apparently at the instruction of Pan in an effort to circumvent the generation of a cash transaction report

³⁹⁸ White House Memorandum from Molly (Last Name Unknown) to WAVES, February 20, 1996, EOP 056859 (Exhibit 238).

³⁹⁹ Committee Interview of Su Cheng Bin, August 13, 1998.

⁴⁰⁰ *Id.*

⁴⁰¹ *Id.*

⁴⁰² *Id.*

⁴⁰³ *Id.*

⁴⁰⁴ *Id.*

⁴⁰⁵ *Id.*

⁴⁰⁶ *Id.*; Bank Central Asia Travelers Checks Nos. 109 3255 610 009 through 109 3255 610 043 (Exhibit 239); *see* Citibank Checking Account Statement for J & M International, February 23, 1996 (Exhibit 240); Citibank Deposit Ticket and Deposited Items of J & M International in the Amount of \$5,000, February 22, 1996 (Exhibit 241); Citibank Deposit Ticket and Deposited Items of J & M International in the Amount of \$25,000, February 22, 1996 (Exhibit 242).

⁴⁰⁷ *See generally* Ex. 84 Letter from Christopher M. Curran, Esq., Attorney for Bank Central Asia, to Committee Senior Investigative Counsel Tim Griffin, Esq., July 20, 1998.

⁴⁰⁸ Ex. 239 Bank Central Asia Travelers Checks Nos. 109 3255 610 039 through 109 3255 610 043.

⁴⁰⁹ Ex. 240 Citibank Checking Account Statement for J & M International, February 23, 1996; Ex. 241 Citibank Deposit Ticket and Deposited Items of J & M International in the Amount of \$5,000, February 22, 1996.

⁴¹⁰ Citibank Check No. 728 from J & M International to Cash in the Amount of \$5,000, February 22, 1996 (Exhibit 243).

⁴¹¹ Committee Interview of Jack Ho, July 30, 1998; *see generally* *Id.*

(“CTR”).⁴¹² Under federal law, a CTR must be filed in conjunction with any cash transaction involving \$10,000 or more.⁴¹³ It is a federal crime to avoid the generation of a CTR purposefully⁴¹⁴—a practice commonly referred to as “smurfing,”⁴¹⁵—which appears to be the case here.

During that same visit to Citibank, Ho deposited \$25,000 in travelers checks into the account of J & M⁴¹⁶ and immediately thereafter issued a check in the amount of \$25,000⁴¹⁷ to the DNC in conjunction with the DNC’s Asian Dinner fund-raiser at the Hay Adams Hotel, a fund-raiser that had been held three days prior.⁴¹⁸ As indicated previously, the Hay Adams fund-raiser failed to raise the funds expected.⁴¹⁹ That shortfall explains Huang’s attribution of Ho’s contribution to the Hay Adams fund-raiser.⁴²⁰ Similarly, as discussed below, in conjunction with the Hay Adams event, Trie and Pan funneled \$25,000 through Trie’s sister, Manlin Fong, and her boyfriend, Joseph Landon—\$12,500 each—on the same day, February 22, 1996, several days after the Hay Adams fund-raiser.⁴²¹

⁴¹² See generally 31 U.S.C. § 5313; 31 C.F.R. § 103.22.

⁴¹³ *Id.*

⁴¹⁴ 31 U.S.C. § 5322.

⁴¹⁵ “Smurfs, Money Laundering, and the Federal Criminal Law: The Crime of Structuring Transaction,” Sarah N. Welling, 41 Fla. L. Rev. 287, 288, Spring 1989.

⁴¹⁶ Ex. 240 Citibank Checking Account Statement for J & M International, February 23, 1996; Ex. 242 Citibank Deposit Ticket and Deposited Items of J & M International in the Amount of \$25,000, February 22, 1996; Ex. 239 Bank Central Asia Travelers Checks Nos. 109 3255 610 014 through 109 3255 610 038.

⁴¹⁷ Citibank Check No. 730 from J & M International to the DNC in the Amount of \$25,000, February 23, 1996 (Exhibit 244); Citibank Checking Account Statement of J & M International, March 22, 1996 (Exhibit 245).

⁴¹⁸ DNC Check Tracking Form for Citibank Check No. 730 from J & M to the DNC in the Amount of \$25,000, 000524 (Exhibit 246).

⁴¹⁹ Committee Interview of Tony Hsu, September 3, 1997.

⁴²⁰ See generally Ex. 246 DNC Check Tracking Form for Citibank Check No. 730 from J & M to the DNC in the Amount of \$25,000, 000524.

⁴²¹ Committee Deposition of Manlin Fong, September 29, 1997; Committee Interview of Joseph Landon, September 4, 1997; see Amerasia Bank Signature Card of Antonio Pan, February 22, 1996 (Exhibit 247); Amerasia Bank Personal New Account Application of Antonio Pan, February 22, 1996 (Exhibit 248); Amerasia Bank Savings Account Statement of Antonio Pan, March 31, 1996 (Exhibit 249); Amerasia Bank Savings Deposit Ticket of Antonio Pan, February 22, 1996 (Exhibit 250); Amerasia Bank Savings Withdrawal Ticket of Antonio Pan, February 22, 1996 (Exhibit 251); Amerasia Bank Applications of Antonio Pan for Three \$5,000 Cashier’s Checks to Manlin Fong, February 22, 1996 (Exhibit 252); Amerasia Bank Applications of Antonio Pan for Two \$5,000 Cashier’s Checks to Joe Landon, February 22, 1996 (Exhibit 253); Three \$5,000 Amerasia Bank Cashier’s Checks to Manlin Fong, February 22, 1996 (Exhibit 254); Two \$5,000 Amerasia Bank Cashier’s Checks to Joe Landon, February 22, 1996 (Exhibit 255); Currency Transaction Report by Form 4789 for Antonio Pan, February 22, 1996 (Exhibit 256); Amerasia Bank Savings Account Statements of Antonio Pan, June 30, 1996, September 30, 1996, December 31, 1996, March 31, 1997, and June 30, 1997 (showing no other account activity from March 31, 1996, through June 30, 1997) (Exhibit 257); see also Travis Federal Credit Union Deposit Ticket of Manlin Fong in the \$14,500, February 23, 1996 (Exhibit 258); Three Deposited \$5,000 Amerasia Bank Cashier’s Checks to Manlin Fong, February 22, 1996 (Exhibit 259); Travis Federal Credit Union Check No. 390 from Manlin Fong to the DNC in the Amount of \$12,500, February 19, 1996 (Exhibit 260); Travis Federal Credit Union Posted Transaction Register for the Checking Account of Manlin Fong (Exhibit 261); DNC Check Tracking Form for Travis Federal Credit Union Check No. 390 from Manlin Fong to the DNC in the Amount of \$12,500, February 19, 1996 (Exhibit 262); DNC Check Tracking

A document produced to the Committee by the DNC lists Trie as the solicitor and John Huang as the DNC contact for J & M's contribution.⁴²² It was Ho's apparent link to Trie and Huang that led to an Ernst & Young review of his contribution.⁴²³ The auditor unsuccessfully attempted to contact Ho on at least five separate occasions.⁴²⁴ On one such occasion, December 9, 1996, the auditor contacted Maria Ho, Jack Ho's wife, regarding J & M's contribution.⁴²⁵ The auditor noted that "[s]he was not willing to talk to us."⁴²⁶ Subsequently, on December 17, 1996, the auditor made her final attempt to reach Jack Ho.⁴²⁷ Her handwritten notes were as follows:

Spoke with receptionist. She said Jack Ho was not in the office & that they do not need to answer any questions. Very angry & hung up on me.⁴²⁸

The DNC received no helpful information as a result of its review. Ho's Ernst & Young file was labeled "Term[inated]".⁴²⁹

After the Ernst & Young review, IGI gathered a limited amount of additional publicly available information regarding Ho and J & M.⁴³⁰ The DNC did not receive any information directly from Jack Ho regarding his contributions.⁴³¹ However, through IGI, the DNC was able to determine that his social security number had been valid for over thirty years at the time of the contribution⁴³² and that his home had an assessed value of \$272,500.⁴³³ This information evidently provided the DNC with the minimum information needed to conclude that the contribution was legal and appropriate; the DNC retained the contribution.

Form for Travis Federal Credit Union Check No. 1337 from Joseph Landon to the DNC in the Amount of \$12,500, February 19, 1996 (Exhibit 263); *see also* <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

⁴²² Ex. 246 DNC Check Tracking Form for Citibank Check No. 730 from J & M to the DNC in the Amount of \$25,000, 000524.

⁴²³ *See* DNC's Responses to the Committee's June 23, 1998, Interrogatories, August 6, 1998, at 7.

⁴²⁴ Ernst & Young Contribution Review Materials for Jack Ho/J & M International, DNC 1802501, DNC 1802504, DNC 1802505-DNC 1802506, and DNC 1802508, at 2 (Exhibit 264).

⁴²⁵ *Id.*

⁴²⁶ *Id.*

⁴²⁷ *Id.*

⁴²⁸ *Id.*

⁴²⁹ *Id.* at 1.

⁴³⁰ IGI Contribution Review Materials for Jack Ho/J & M International, HS 006020-HS 006031, at 1-12 (Exhibit 265). Experience indicates that "IGI Contribution Review Materials" often contain documents generated pursuant to the Ernst & Young Contribution review process. The converse is not true because the Ernst & Young phase was conducted prior to the IGI phase.

⁴³¹ *See* Ex. 264 Ernst & Young Contribution Review Materials for Jack Ho/J & M International, DNC 1802501, DNC 1802504, DNC 1802505-DNC 1802506, and DNC 1802508, at 2.

⁴³² Ex. 265 IGI Contribution Review Materials for Jack Ho/J & M International, HS 006020-HS 006031, at 6. The DNC was also able to determine that Maria Ho's social security number had been valid for approximately thirty years. *Id.*

⁴³³ *Id.*

Despite the paucity of information gathered pursuant to the Ernst & Young and IGI reviews, the DNC decided to retain the contribution in the face of mounting evidence that both Trie and Huang were generating illegal contributions. The DNC apparently decided that it had sufficient information to declare the \$25,000 contribution appropriate and retain it without one scintilla of cooperation from Ho. DNC Spokesman Rick Hess indicated recently that:

[The DNC] would have returned [the \$25,000] if we had any hint that they were [sic] foreign sources or if the company had insufficient funds. Every indication was that it was legal and proper.⁴³⁴

The exact opposite is true: there was practically no information indicating the contribution was “legal and proper.” The DNC’s determination notwithstanding, based on Committee interviews and the conclusive activity evidenced by Ho’s bank records, J & M’s \$25,000 was an illegal conduit contribution in violation of 2 U.S.C. § 441f. In addition, the funds used to make the contribution—the travelers checks—ultimately originated in Indonesia. Therefore, pursuant to federal regulations and DNC practice, the DNC should disgorge J & M’s illegal \$25,000 contribution to the U.S. Treasury.⁴³⁵

TED SIOENG RELATED CONTRIBUTIONS DURING THE 1996 ELECTION CYCLE

During the 1996 federal election cycle, courted by fund-raiser John Huang, Ted Sioeng’s family and associates contributed \$400,000 to the DNC.⁴³⁶ A review of bank records strongly suggests that \$310,000 of the contributions were ultimately funded from foreign accounts in Hong Kong and Indonesia. The remaining \$90,000, while funded from U.S. receipts, remains suspect due to large and continuing foreign subsidies to the family’s U.S. businesses from family patriarch and Belize national Ted Sioeng. The result of these subsidies was often a commingling of domestic receipts and foreign funds in accounts from which political contributions were made.

Additional questions are raised by the Sioeng family’s deafening silence on the subject of its political contributions. All of the Sioeng family members and those associates closest to the family have either asserted the Fifth Amendment, left the country, or are foreign nationals who have refused to be interviewed. The fact that the people most likely to know about the Sioeng family’s political contributions uniformly have refused to talk to the Committee about the contributions casts great doubt on whether they meet applicable

⁴³⁴ Mary Ann Akers, “GOP Probers Report \$50,000 in Illegal Donations via Trie,” *Washington Times*, August 5, 1998.

⁴³⁵ See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; Ex. Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998; Ex. 7 DNC List of Contributions Returned or Disgorge Produced to the Committee on November 20, 1997, at 1-9.

⁴³⁶ Note that Sioeng and his company, Panda Estates, contributed a total of \$100,000 to California State Treasurer Matt Fong in 1995. Matt Fong returned the money in April 1997.

legal and regulatory requirements, or are appropriate for the DNC to retain under the circumstances.

The Committee remains particularly concerned about Sioeng-related contributions because of Sioeng's close ties to the government of the People's Republic of China ("PRC"). In the report of its investigation into campaign finance abuses, the Senate Committee on Governmental Affairs stated the following about Sioeng's PRC connections:

The Committee has learned that Sioeng worked, and perhaps still works, on behalf of the Chinese government. Sioeng regularly communicated with PRC embassy and consular officials at various locations in the United States, and, before the campaign finance scandal broke, he traveled to Beijing frequently where he reported to and was briefed by Chinese communist party officials. . . . The Committee has received information that [indicted DNC fund-raiser Maria] Hsia worked with Ted Sioeng and John Huang to solicit contributions from Chinese nationals in the United States and abroad for Democratic causes.⁴³⁷

A. Jessica Elnitiarta and Panda Estates Investment, Inc.

Jessica Elnitiarta \$100,000 (Illegal)

Jessica Elnitiarta is Ted Sioeng's oldest daughter. She is a U.S. citizen who, at her father's behest, runs the family businesses in the U.S. She also makes more political contributions than any other family member. On February 19, 1996, Jessica Elnitiarta wrote a personal check for \$100,000 to the DNC⁴³⁸ against a bank account balance of only \$9,225.⁴³⁹ Elnitiarta took steps to cover the check three days later: on February 22, 1996, Elnitiarta, using a power of attorney, transferred \$200,000 from the personal bank account of Ted Sioeng's sister, Yanti Ardi,⁴⁴⁰ an Indonesian national, to her own account. This \$200,000 came from a \$518,434 wire transfer ten days earlier from Pristine Investments in Hong Kong.⁴⁴¹ It is likely that Pristine Investments is owned or controlled by Ted Sioeng.

In short, this \$100,000 contribution was funded by ineligible foreign money and should be returned by the DNC. This transfer of funds from foreign sources is part of a pattern that recurs throughout the brief but curious history of Sioeng-related contributions to the DNC.

⁴³⁷ *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rep. No. 167, 105th Cong., 2d Sess., vol. 2, 2505-2507 (1998).

⁴³⁸ DNC Check Tracking Form for Grand National Bank Check No. 575 from Jessica G. Elnitiarta to the DNC in the Amount of \$100,000, February 19, 1996 (Exhibit 266).

⁴³⁹ Grand National Bank Account Statement of Jessica G. Elnitiarta, February 29, 1996 (Exhibit 267).

⁴⁴⁰ Grand National Bank Customer Authorization for Funds Transfer of Jessica Elnitiarta in the Amount of \$200,000, February 22, 1996 (Exhibit 268).

⁴⁴¹ Grand National Bank Credit Ticket of Yanti Ardi in the Amount of \$518,433.56, February 12, 1996, and Wire Transfer Report of Yanti Ardi and Pristine Investments in the Amount of \$518,434, February 12, 1996 (Exhibit 269).

Panda Estates Investment, Inc. \$100,000 (\$60,000 Illegal/\$40,000 Suspect)

On July 12, 1996, Jessica Elnitiarta, as President of Panda Estates Investment, Inc. (“Panda Estates”), signed a \$100,000 company check to the DNC⁴⁴² against a negative bank account balance of \$599.⁴⁴³ The check cleared the bank on July 25, 1996, causing a negative bank balance of \$100,125.⁴⁴⁴ On July 26, 1996, Elnitiarta transferred \$100,000 from a Panda Estates receipts account towards the overdraft.⁴⁴⁵ Of this transfer, \$60,000 came from Yanti Ardi’s personal bank account,⁴⁴⁶ which in turn was funded by a \$1,652,480 wire transfer on June 28, 1996 from R.T. Enterprises in Hong Kong.⁴⁴⁷ The remaining \$40,000 was funded by a transfer from a Panda Estates receipts account that consisted of domestic rents collected for the month of July 1996.⁴⁴⁸ In short, this contribution of \$100,000 was funded primarily with foreign money and, hence, should be returned.

Panda Estates Investment, Inc. \$50,000 (Suspect)

On July 29, 1996, Jessica Elnitiarta signed a \$50,000 company check to the DNC⁴⁴⁹ from Panda Estates against a negative bank account balance of \$2,351.⁴⁵⁰ The check cleared the bank on August 5, 1996 causing a \$48,198 overdraft.⁴⁵¹ The next day, Elnitiarta covered part of the overdraft through a \$40,000 transfer of domestic rental receipts for the month of August 1996.⁴⁵² The remaining overdraft was covered by an

⁴⁴² DNC Check Tracking Form for Grand National Bank Check No. 1632 from Panda Estates to the DNC in the Amount of \$100,000, July 12, 1996 (signed by Jessica Elnitiarta) (Exhibit 270).

⁴⁴³ Grand National Bank Account Statement of Panda Estates Bank Statement, July 31, 1996 (Exhibit 271).

⁴⁴⁴ *Id.*

⁴⁴⁵ Grand National Bank Customer Authorization for Funds Transfer of Panda Estates in the Amount of \$100,000, July 26, 1996 (Exhibit 272).

⁴⁴⁶ Grand National Bank Deposit Ticket of Panda Estates in the Amount of \$60,000, July 26, 1996, and Grand National Bank Deposited Check No. 2309 from Yanti Ardi to Panda Estates in the Amount of \$60,000, July 26, 1996 (signed by Jessica Elnitiarta) (Exhibit 273).

⁴⁴⁷ Grand National Bank Credit Ticket of Yanti Ardi in the Amount of \$1,652,479.98, June 28, 1996, and Grand National Bank Wire Transfer Report of Yanti Ardi and R.T. Enterprises in the Amount of \$1,652,480, June 28, 1996 (Exhibit 274). Based upon an analysis of bank records and financial transactions, it appears that R.T. Enterprises is a Sioeng owned or controlled company. The Sioeng family attorneys refused the Committee’s requests to share information on this and other foreign entities with clear financial ties to Sioeng’s holdings in the U.S.

⁴⁴⁸ Grand National Bank Account Statement of Panda Estates, July 31, 1996 (showing seventeen deposits of July rents into the Panda Estates receipts bank account totaling \$48,411 from July 5 through July 22, 1996) (Exhibit 275).

⁴⁴⁹ DNC Check Tracking Form for Grand National Bank Check No. 1652 from Panda Estates to the DNC in the Amount of \$50,000, July 29, 1996 (signed by Jessica Elnitiarta) (Exhibit 276).

⁴⁵⁰ Grand National Bank Account Statement of Panda Estates, July 31, 1996 (Exhibit 277).

⁴⁵¹ Grand National Bank Account Statement of Panda Estates, August 30, 1996 (Exhibit 278).

⁴⁵² Grand National Bank Customer Authorization for Funds Transfer of Panda Estates in the Amount of \$40,000, August 6, 1996 (transfer from Panda Estates receipts account to Panda Estates disbursement account) (Exhibit 279).

August 6, 1996 transfer of \$10,000 from the bank account of Code 3 USA (“Code 3”), the family’s gun and ammunition business, operated by Elnitiarta’s husband, Ridwan Dinata.⁴⁵³ This transfer came from an August 5, 1996 advance of \$10,000 against Code 3’s \$250,000 bank credit line.⁴⁵⁴ On September 10, 1996, Elnitiarta appears to have repaid Code 3 the \$10,000 from her personal bank account.⁴⁵⁵

In conclusion, this \$50,000 contribution appears to have been funded by domestic rental receipts. Nevertheless, Ted Sioeng’s probable involvement with this and the two other DNC contributions made by his daughter, Jessica, raises troubling and severe doubts about the legality of the \$50,000 contribution.

Conclusion

Ted Sioeng’s probable involvement with the \$250,000 in contributions made to the DNC by Jessica Elnitiarta and her company raises serious questions about legality of those contributions, all of which have been retained by the DNC.

Note that the DNC is adamant that it has not seen information about the Panda Estates and Elnitiarta contributions sufficiently troubling to return the money. On May 14, 1998, the Committee deposed DNC General Counsel Sandler on the subject of the Sioeng-related contributions as well as DNC guidelines concerning what types of contributions it accepts and retains. Prior to the deposition, Sandler had never seen records of the bank accounts from which the Elnitiarta and Panda Estates contributions were made.⁴⁵⁶ Confronted with records that showed Elnitiarta’s contribution was made with foreign money, Sandler became incensed, insisting that the “information tells us virtually nothing that we would need to know to determine whether the contribution was an illegal contribution in the name of another,” and that the foreign money may have been Elnitiarta’s.⁴⁵⁷ Of course, the point is, the Committee has no way of directly determining whether the foreign money was Elnitiarta’s as she and her entire family refuse to discuss the contribution. While this remains troubling to the Committee, it apparently does not to the DNC.

When shown that a large portion of the contribution made by Panda Estates came from foreign funds, Sandler put forward the confusing contention that, even if one could trace a corporation’s political contribution to a foreign source, the contribution would still

⁴⁵³ Grand National Bank Customer Authorization for Funds Transfer of Code 3 in the Amount of \$10,000, August 6, 1996 (Ridwan Dinata’s transfer of \$10,000 from Code 3’s account to Panda Estates’ Account) (Exhibit 280).

⁴⁵⁴ Grand National Bank Customer Authorization for Funds Transfer of Ridwan Dinata in the Amount of \$10,000, August 5, 1996 (telephone transfer of \$10,000 from Code 3’s loan account to its checking account) (Exhibit 281).

⁴⁵⁵ Grand National Bank Deposit Ticket of Code 3 in the Amount of \$10,000, September 10, 1996, and Grand National Bank Check No. 255 from Jessica Elnitiarta to Code 3 in the Amount of \$10,000, September 10, 1996 (Exhibit 282).

⁴⁵⁶ Committee Deposition of Joseph E. Sandler, May 14, 1998, 103.

⁴⁵⁷ *Id.* at 121-122.

be legal if the company had sufficient income over some longer period, say a year.⁴⁵⁸ This argument makes no intuitive sense and is contradicted by FEC practice and precedent.⁴⁵⁹ Moreover, whether or not Ted Sioeng made actual conduit contributions through his daughter and family business, Panda Estates Investment, his likely participation in the decision to have Panda Estates contribute to the DNC violates federal campaign regulations. FEC regulations prohibit individuals who are foreign nationals from directing, dictating, controlling, or participating in decision-making processes through which a domestic corporation decides to make a political contribution.⁴⁶⁰ Committee witnesses have indicated that Ted Sioeng played a significant role in his daughter's business decisions. Given that Jessica Elnitiarta has pled the Fifth Amendment to the Committee, there should be a presumption that the foreign money is not entirely legal, and it should be returned.

California Treasurer, Matt Fong received a total of \$100,000 in contributions from Ted Sioeng and his company Panda Estates Investment. In stark contrast to the DNC, Fong returned these contributions in April 1997, immediately after questions were raised regarding their legality in the press.

B. Loh Sun International \$50,000 (Suspect)

On July 29, 1996, the same day as Jessica Elnitiarta wrote the above \$50,000 check to the DNC, Ted Sioeng associate Kent La, a U.S. permanent resident, also wrote a \$50,000 check to the DNC.⁴⁶¹ La is President of Loh Sun International, a Los Angeles-based importer of Chinese cigarettes and other commodities. Kent La signed a company check to the DNC against a July 29, 1996 bank balance of \$262,185.⁴⁶² Five days earlier, on July 24, 1996, the company account had received a \$97,555 wire transfer from R.T. Enterprises in Hong Kong,⁴⁶³ which appears to be owned or controlled by Ted Sioeng. Although documentation of the wire transfer indicates the funds were for "Hongtashan Advertising,"⁴⁶⁴ the amount of the transfer and its proximity to Loh Sun's contribution to the DNC raise questions about its true purpose and use.

⁴⁵⁸ *Id.* at 162.

⁴⁵⁹ See FEC Advisory Opinion 1992-16 (Noting in the context of a U.S. subsidiary of a foreign company that "the subsidiary must be able to demonstrate through a reasonable accounting method that it has sufficient funds in its account, other than funds given or loaned by its foreign national parent, from which the contribution is made. See by analogy 11 C.F.R. § 102.5(b)(1)(ii).").

⁴⁶⁰ See 11 C.F.R. § 110.4(a)(3). Note that the prohibition extends to persons as well. Hence, under federal regulations, a foreign national may not "directly or indirectly participate in the decision-making process of any person" with regard to a political contribution. *Id.*

⁴⁶¹ DNC Check Tracking Form for United Pacific Bank Check No. 3881 from Loh Sun International to the DNC in the Amount of \$50,000, July 29, 1996 (signed by Kent La) (Exhibit 283).

⁴⁶² United Pacific Account Statement of Loh Sun International, July 31, 1996 (Exhibit 284).

⁴⁶³ United Pacific Bank Credit Ticket of Loh Sun International in the Amount of \$97,555, July 24, 1996, and United Pacific Bank Wire Transfer Report of Loh Sun International and R.T. Enterprises in the Amount of \$97,555, July 24, 1996 (Exhibit 285).

⁴⁶⁴ *Id.*

Moreover, the mystery surrounding this contribution is compounded by a check signed by Kent La on an account with his wife, Nancy.⁴⁶⁵ The check, dated October 28, 1996 in the amount of \$20,000, is payable to Loh Sun International, but was not deposited until December 23, 1996. On the memo line La wrote, “Donation to DNC - 7/29/96.” It is unclear why La would reimburse his own company for a political contribution. One explanation is that he was attempting to “cure,” after the fact, a conduit contribution funded by Ted Sioeng with foreign funds. While La has been deposed by Committee staff, the transcript has not been made public. The DOJ has asked the Committee not to release any part of the deposition transcript as doing so “would jeopardize [the Department’s] pending criminal investigation relating to Mr. La.”⁴⁶⁶

C. The Tanuwidjaja Family

Subandi Tanuwidjaja \$80,000 (\$20,000 Illegal/\$60,000 Suspect)

Within 10 days in September 1996, the Tanuwidjaja family, to which the Sioeng family is related through marriage and business interests, made three contributions to the DNC totaling \$100,000 as follows:

On September 9, 1996, Ted Sioeng’s son-in-law, Subandi Tanuwidjaja, a U.S. permanent resident, signed a \$60,000 personal check to the DNC⁴⁶⁷ against a U.S. bank balance of \$66,050.⁴⁶⁸ Three days before, the account received a \$100,000 personal check from the U.S. bank account of his father, Susanto Tanuwidjaja, an Indonesian national.⁴⁶⁹ Susanto’s check was funded by a \$100,000 wire transfer on August 21, 1996 from an Indonesian bank account in the name of Subandi Tanuwidjaja.⁴⁷⁰ The fact that the foreign money was wired into Susanto’s U.S. bank account and not his son’s suggests that the money may have been his, and raises questions about the legality of the contribution. It thus appears that this \$60,000 contribution may have been funded by foreign money and by a foreign national and should be returned by the DNC.

On September 19, 1996, Subandi Tanuwidjaja signed a \$20,000 personal check to the DNC⁴⁷¹ against a bank balance of \$25,640.⁴⁷² The day before, the account received a

⁴⁶⁵ Grand National Bank Check No. 143 from Kent and Nancy La to Loh Sun International in the Amount of \$20,000, October 28, 1996 (Exhibit 286).

⁴⁶⁶ Letter from L. Anthony Sutin, Acting Assistant Attorney General, to Chairman Dan Burton, August 28, 1998.

⁴⁶⁷ DNC Check Tracking Form for Western State Bank Check No. 134 from Subandi Tanuwidjaja to the DNC in the Amount of \$60,000, September 9, 1996 (Exhibit 287).

⁴⁶⁸ Western State Bank Account Statement of Subandi Tanuwidjaja, September 13, 1996 (Exhibit 288).

⁴⁶⁹ Western State Bank Check No. 1026 from Susanto Tanuwidjaja to Subandi Tanuwidjaja in the Amount of \$100,000, September 6, 1996, and Western State Bank Deposit Ticket of Subandi Tanuwidjaja in the Amount of \$100,000, September 9, 1996 (Exhibit 289)

⁴⁷⁰ Western State Bank Wire Transfer Report of Susanto Tanuwidjaja and Subandi Tanuwidjaja in the Amount of \$99,985, August 21, 1996 (transfer from Subandi Tanuwidjaja to Susanto Tanuwidjaja) (Exhibit 290).

⁴⁷¹ DNC Check Tracking Form for Check No. 136 from Subandi Tanuwidjaja to the DNC in the Amount of \$20,000, September 19, 1996 (Exhibit 291).

\$20,000 wire transfer from Dragon Union, Ltd. in Hong Kong.⁴⁷³ Subandi Tanuwidjaja is Dragon Union's sole corporate director.⁴⁷⁴ It thus appears that this \$20,000 contribution was funded by foreign money and should be returned by the DNC.

Suryanti Tanuwidjaja \$20,000 (Illegal)

On September 16, 1996, Ted Sioeng's daughter-in-law, Suryanti Tanuwidjaja, a U.S. permanent resident, signed a \$20,000 personal check to the DNC⁴⁷⁵ against a bank balance of \$61,726.⁴⁷⁶ Two days later, the account received a \$20,000 wire transfer from Dragon Union, Ltd in Hong Kong.⁴⁷⁷ As noted, Suryanti's brother, Subandi, is Dragon Union's sole corporate director.

Hence, although sufficient domestic funds existed at the time the DNC contribution check was written, the close proximity and same amount of the foreign wire transfer suggests that this \$20,000 contribution was reimbursed by ineligible foreign money, and should be returned by the DNC. In this case, as with Subandi's \$20,000 contribution, it appears that the Dragon Union transfers were intended to fund or reimburse the DNC contributions in the same amounts.

MARIA HSIA RELATED CONTRIBUTIONS DURING THE 1996 ELECTION CYCLE

Chee Kien Koh a.k.a. the Rev. Hai Kai \$5,000 (Illegal)

On September 16, 1996, Chee Kien Koh a.k.a. the Rev. Hai Kai deposited into his checking account \$3,000 cash and a \$2,000 check from the International Buddhist Progress Society ("IBPS"),⁴⁷⁸ the organization that arranged the Hsi Lai Temple fundraiser featuring Vice President Al Gore and facilitated a number of conduit contributions to the DNC in conjunction with that event and others.⁴⁷⁹ The next day, on September 17, 1996, Koh issued a check in the amount of \$5,000 to the DNC in conjunction with the

⁴⁷² Western State Bank Account Statement of Subandi Tanuwidjaja, October 15, 1996 (Exhibit 292).

⁴⁷³ Western State Bank Wire Transfer Report of Subandi Tanuwidjaja and Dragon Union in the Amount of \$20,000, September 18, 1996 (transfer from Dragon Union to Subandi Tanuwidjaja) (Exhibit 293).

⁴⁷⁴ Dragon Union Limited Companies Ordinance on Change of Director Regarding Subandi Tanuwidjaja, January 27, 1997 (Exhibit 294).

⁴⁷⁵ DNC Check Tracking Form for Bank of America Check No. 1611 from Suryanti Tanuwidjaja to the DNC in the Amount of \$20,000, September 16, 1996 (Exhibit 295).

⁴⁷⁶ Bank of America Account Statement of Suryanti Tanuwidjaja, September 27, 1996 (Exhibit 296).

⁴⁷⁷ Bank of America Wire Transfer Report of Suryanti Tanuwidjaja and Dragon Union in the Amount of \$20,000, September 18, 1996 (transfer from Dragon Union to Suryanti Tanuwidjaja) (Exhibit 297).

⁴⁷⁸ Bank of America Deposit Ticket of Chee Kien Koh in the Amount of \$5,500, September 16, 1996, Bank of America Cash Ticket of Chee Kien Koh in the Amount of \$3,000, September 16, 1996, and General Bank Check No. 4118 from IBPS to Cash in the Amount of \$2,000, September 16, 1996 (Exhibit 298); Bank of America Account Statement of Chee Kien Koh, October 16, 1996 (Exhibit 299).

⁴⁷⁹ *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rep. No. 167, 195th Cong., 2d Sess., vol. 2, 1749-2497 (1998).

DNC's September 18, 1996, Asian Dinner fund-raiser featuring Vice President Al Gore.⁴⁸⁰ Yi Chu, the Hsi Lai Temple's treasurer, testified to Senate investigators that Chee Kien Koh was reimbursed for his \$5,000 contribution to the DNC with a check from the IBPS in the amount of \$3,000 and \$2,000 cash, precisely what the bank records indicate.⁴⁸¹

Interestingly, the DNC did not attribute Koh's contribution to Koh; they attributed it to Maria Hsia,⁴⁸² a former DNC fund-raiser who pled the Fifth Amendment to both the Committee and the Senate and is currently under grand jury indictment for violating federal election laws in conjunction with the Hsi Lai Temple fund-raiser.⁴⁸³ Koh's contribution was most likely attributed to Hsia due to her orchestration of conduit contributions through individuals with ties to the Temple. The FEC most likely credited the contribution to Hsia based on information provided by the DNC.⁴⁸⁴ In addition, the contribution information provided to the Committee by the DNC lists John Huang as the DNC contact for the contribution.⁴⁸⁵ Despite the contribution's apparent link to Hsia and Huang and the Senate's discussion of it in its Final Report, the DNC did not conduct a review of it. The DNC has disgorged to the U.S. Treasury a number of other contributions with links to Hsia and the Hsi Lai Temple but has retained Koh's \$5,000.⁴⁸⁶

Based on the proven history of using conduits to contribute to the DNC by Hsia and the IBPS and the suspicious activity evidenced by Chee Kien Koh's bank records Koh's \$5,000 was an illegal conduit contribution in violation of 2 U.S.C. § 441f. Therefore, pursuant to federal regulations and DNC practice, the DNC should disgorge Koh's \$5,000 contribution to the U.S. Treasury.⁴⁸⁷

⁴⁸⁰ Bank of America Check No. 0094 from Chee Kien Koh to the DNC in the Amount of \$5,000 (Exhibit 300). The check cleared Chee Kien Koh's Bank of America account on September 26, 1996. Ex. Bank of America Account Statement of Chee Kien Koh, October 16, 1996.

⁴⁸¹ *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, Deposition of Yi Chu, 79-82, August 7, 1997; *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rep. No. 167, 195th Cong., 2d Sess., vol. 2, 1773, fn. 136 (1998).

⁴⁸² DNC Check Tracking Form for Bank of America Check No. 0094 from Chee Kien Koh to the DNC in the Amount of \$5,000, September 17, 1996 (Exhibit 301); <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

⁴⁸³ See Federal Grand Jury Indictment of Maria Hsia, U.S. District Court for the District of Columbia, February 18, 1998.

⁴⁸⁴ See generally <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

⁴⁸⁵ Ex. 301 DNC Check Tracking Form for Bank of America Check No. 0094 from Chee Kien Koh to the DNC in the Amount of \$5,000, September 17, 1996.

⁴⁸⁶ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998; See Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; Ex. Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998; Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9.

⁴⁸⁷ See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC

Hsiao Jie Su \$2,500 (Illegal)

On February 16, 1996, the International Buddhist Progress Society issued a check to Hsiao Jie Su in the amount of \$2,500.⁴⁸⁸ The next day, on February 17, 1996, Su issued a check in the amount of \$2,500 to the DNC in conjunction with the DNC's Asian Dinner fund-raiser held at the Hay Adams Hotel in Washington, D.C.⁴⁸⁹ Su deposited the IBPS's check into her checking account at the International Bank of California in Los Angeles on February 20, 1996.⁴⁹⁰ The contribution check cleared Su's account on February 26, 1996.⁴⁹¹

Consistent with other contributions made by individuals linked to the IBPS, DNC contribution information lists Maria Hsia as the solicitor and John Huang as the DNC contact.⁴⁹² It was Su's apparent link to Hsia and Huang that led to a review of her contribution.⁴⁹³ Su completed and signed an Ernst & Young questionnaire on January 18, 1997, in which she confirmed that the money contributed to the DNC was her own.⁴⁹⁴ Su also advised Ernst & Young auditors of her unwillingness to answer follow up questions via telephone.⁴⁹⁵

Su's Ernst & Young file was labeled "DER" for dead end research⁴⁹⁶ and passed to IGI for a determination of Su's social security number and date of birth, which IGI provided.⁴⁹⁷ Through IGI, the DNC was able to determine that her social security number had been valid for almost twenty years at the time of the contribution but was unable to

Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; Ex. Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998; Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9.

⁴⁸⁸ International Bank of California Check No. 3301 from the IBPS to Hsiao Jie Su in the Amount of \$2,500, February 16, 1996, and International Bank of California Deposit Ticket of Hsiao Jie Su in the Amount of \$2,500, February 20, 1996 (Exhibit 302).

⁴⁸⁹ International Bank of California Check No. 304 from Hsiao Jie Su to the DNC in the Amount of \$2,500, February 17, 1996 (Exhibit 303); DNC Check Tracking Form for International Bank of California Check No. 304 from Hsiao Jie Su to the DNC in the Amount of \$2,500, February 17, 1996 (Exhibit 304).

⁴⁹⁰ Ex. 302 International Bank of California Check No. 3301 from the IBPS to Hsiao Jie Su in the Amount of \$2,500, February 16, 1996, and International Bank of California Deposit Ticket of Hsiao Jie Su in the Amount of \$2,500, February 20, 1996; International Bank of California Account Statement of Hsiao Jie Su, March 15, 1996 (Exhibit 305).

⁴⁹¹ *Id.*; Ex. 303 International Bank of California Check No. 304 from Hsiao Jie Su to the DNC in the Amount of \$2,500, February 17, 1996.

⁴⁹² Ex. 304 DNC Check Tracking Form for International Bank of California Check No. 304 from Hsiao Jie Su to the DNC in the Amount of \$2,500, February 17, 1996.

⁴⁹³ *See generally* DNC Response to the Committee's June 23, 1998, Interrogatories, August 6, 1998, at 7.

⁴⁹⁴ Ernst & Young Contribution Review Materials for Hsiao Jie Su, DNC 1807597, DNC 1807599, DNC 1807601-DNC 1807602, DNC 1807604-DNC 1807606, DNC 1807619-DNC 1807620, DNC 1807754, and DNC 1807757-DNC 1807758, at 1-3 (Exhibit 306).

⁴⁹⁵ *Id.* at 3.

⁴⁹⁶ *Id.* at 1.

⁴⁹⁷ IGI Contribution Review Materials for Hsiao Jie Su, HS 002392-HS 002413, at 4 (Exhibit 307).

confirm her address⁴⁹⁸ This information evidently provided the DNC with the minimum information needed to conclude that the contribution was legal and appropriate; the DNC retained the contribution.

Based on the proven history of using conduits to contribute to the DNC by Hsia and the IBPS and the suspicious activity evidenced by Hsiao Jie Su's bank records, the evidence indicates that Su's \$2,500 was an illegal conduit contribution in violation of 2 U.S.C. § 441f. Therefore, pursuant to federal regulations and DNC practice, the DNC should disgorge Su's \$2,500 contribution to the U.S. Treasury.⁴⁹⁹

OTHER SUSPECT OR ILLEGAL CONTRIBUTIONS DURING THE 1992, 1994 AND 1996 ELECTION CYCLES

Sy Zuan Pan \$20,000 (Illegal)

On September 18, 1996, Sy Zuan "Roger" Pan issued a check in the amount of \$20,000 to the DNC in conjunction with the DNC's Asian Dinner fund-raiser featuring Vice President Gore held that day in San Francisco.⁵⁰⁰ Ernst & Young conducted a review of Pan's September 1996 \$20,000 contribution.⁵⁰¹ The DNC mailed a review questionnaire to Pan on a date uncertain but apparently received no immediate response;⁵⁰² the copy of Pan's questionnaire provided to the Committee is predominantly blank.⁵⁰³ Attempts to reach Pan at the number provided to the DNC were also unsuccessful. The Ernst & Young auditor noted that: "[Pan is] currently in China. [N]ot knowing [sic] his number. Also he's moving a lot in China."⁵⁰⁴ Ernst & Young designated the Pan file "Term[inated]."⁵⁰⁵ After Ernst & Young's unsuccessful attempt to verify the legality of Pan's contribution, IGI made an attempt.⁵⁰⁶ On January 16, 1997, an IGI employee contacted one of Pan's employees regarding the contribution.⁵⁰⁷ According to notes from the IGI interview, "[the woman] was unable to answer whether [Pan] is a U.S. citizen, but said that he or she would call us back next week to answer our questions."⁵⁰⁸ There is no

⁴⁹⁸ *Id.*; see *Id.* at 1-22.

⁴⁹⁹ See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; Ex. Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998; Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9.

⁵⁰⁰ DNC Check Tracking Form for Wells Fargo Bank Check No. 1091 from Sy Zuan Pan to the DNC in the Amount of \$20,000, September 18, 1996, D0000443 (Exhibit 308); Ernst & Young Contribution Review Materials for Sy Zuan Pan, DNC 1802793-DNC 1802794, DNC 1802797, DNC 1802799, DNC 1802801-DNC 1802802, and DNC 1802812-DNC 1802814, at 7 (Exhibit 309).

⁵⁰¹ *Id.*

⁵⁰² *Id.* at 1-9.

⁵⁰³ *Id.* at 4-6.

⁵⁰⁴ *Id.* at 8.

⁵⁰⁵ *Id.* at 1.

⁵⁰⁶ IGI Contribution Review Materials for Sy Zuan Pan, HS 006439-HS 006441 (Exhibit 310).

⁵⁰⁷ *Id.* at 2.

⁵⁰⁸ *Id.*

indication that Pan ever returned IGI's call and the IGI notes indicate that it was unable to gather any additional information on Pan.⁵⁰⁹

In the wake of IGI's investigation of Pan's contribution, Pan's attorney, Arnold Chin of San Francisco, in a January 29, 1997, letter to an Ernst & Young auditor requested that the contribution be returned, stating that:

I represent Mr. Sy Zuan Guo [sic] with regards to his donation/contribution of the sum of \$20,000 to the Democratic National Committee for the 1996 Presidential Election. I am in receipt of your questionnaire concerning the donation/contribution made from my client.

If the donation is subject to inquiry then on behalf of my client, I am requesting that the donation/contribution be returned through my office. My client will not complete any questionnaire.⁵¹⁰

The DNC has returned over 50 contributions at the request of contributors, but the DNC retained Pan's contribution.⁵¹¹

Pan has cooperated with the Committee through his attorney Chin. On July 23, 1998, a Committee counsel interviewed Chin regarding his client's contribution to the DNC.⁵¹² Chin indicated that at the time of the contribution and currently Pan is not "technically a resident for the purposes of migration [sic]."⁵¹³ Chin confirmed that Pan's contribution was illegal under federal election law.⁵¹⁴ That same day, Chin wrote the Committee to confirm that Pan "requested the return of the money from the DNC after he found out that he could not make such a donation The DNC never knew that he was not eligible to donate because of his immigration status in the United States."⁵¹⁵ The federal election law provision to which Chin refers in his interview and his letter is 2 U.S.C. § 441e(a) which makes it unlawful for a foreign national to make a political contribution.⁵¹⁶

Even though Pan did not complete the Ernst & Young questionnaire as requested and Pan's attorney requested the return of Pan's \$20,000 contribution, the DNC retained it. Based on the foregoing, Pan's contribution was given in violation of 2 U.S.C. § 441e(a)—the prohibition against contributions by foreign nationals. Therefore, the DNC should return Pan's contribution to him or disgorge it to the U.S. Treasury.⁵¹⁷

⁵⁰⁹ *Id.* at 1-3.

⁵¹⁰ Letter from Arnold Chin, Esq. to Eric Guo, January 26, 1997 (emphasis added) (Exhibit 311).

⁵¹¹ Ex. 7 DNC List of Contributions Returned or Disgorge Produced to the Committee on November 20, 1997, at 1-9.

⁵¹² Committee Interview of Arnold Chin, July 23, 1998.

⁵¹³ *Id.*

⁵¹⁴ *Id.*

⁵¹⁵ Letter from Arnold Chin, Esq. to Tim Griffin, Esq., July 23, 1998 (Exhibit 312).

⁵¹⁶ See generally Committee Interview of Arnold Chin, July 23, 1998.

⁵¹⁷ See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC

K&L International, Inc. \$150,000 (Illegal)

On May 6, 1996, Il Sung Construction Co., Ltd. (“Il Sung”), a Korean corporation based in Seoul, Korea, transferred \$200,000 via electronic wire into the checking account of Chong Kim & Associates, Inc.,⁵¹⁸ a California corporation based in Los Angeles.⁵¹⁹ On May 11, 1996, Chong Kim, the President of Chong Kim & Associates, issued a check in the amount of \$150,000 to the DNC on the Wilshire State Bank checking account of K&L International, Inc. (“K&L”),⁵²⁰ another California corporation controlled by Chong Kim.⁵²¹ At the time the \$150,000 check was written, K&L’s checking account balance was \$3,341.24.⁵²² In order to insure that K&L’s account would have a sufficient balance to cover the check, on May 17, 1996, Chong Kim purchased a \$150,000 cashier’s check from Sumitomo Bank of California (“Sumitomo Bank”) in Los Angeles⁵²³ and deposited it into K&L’s checking account.⁵²⁴ But it was too late: the check to the DNC had bounced on May 15, 1996, due to insufficient funds.⁵²⁵ Although Kim could not recall whether he forwarded another check to the DNC in the amount of \$150,000 to replace the bounced check or whether the initial check cleared his account on the second attempt,⁵²⁶ bank records indicate that the original check issued on May 15, 1996, was rerouted through Wilshire Bank and cleared on June 3, 1996.⁵²⁷

Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; Ex. Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998; Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9.

⁵¹⁸ Sumitomo Bank Account Statement of Chong Kim & Associates, May 31, 1996 (Exhibit 313); Sumitomo Bank Wire Transfer Report of Chong Kim & Associates, May 31, 1996 (Exhibit 314); Committee Interview of Chong Kim, July 20, 1998.

⁵¹⁹ Office of California Secretary of State, Corporate Records.

⁵²⁰ Wilshire State Bank Check No. 1087 from K&L to the DNC in the Amount of \$150,000, May 11, 1996 (Exhibit 315); DNC Check Tracking Form for Wilshire State Bank Check No. 1087 from K&L to the DNC in the Amount of \$150,000, May 11, 1996 (Exhibit 316).

⁵²¹ Office of California Secretary of State, Corporate Records.

⁵²² Wilshire State Bank Account Statement for K&L, May 31, 1996 (Exhibit 317).

⁵²³ Ex. 313 Sumitomo Bank Account Statement of Chong Kim & Associates, May 31, 1996; Sumitomo Bank Cashier’s Check Register of K&L in the Amount of \$150,000, May 17, 1996 (Exhibit 318); Sumitomo Bank Cashier’s Check, May 17, 1996 (Exhibit 319); Sumitomo Bank Cashier’s Check (Copy No. 2), May 17, 1996, and Wilshire State Bank Deposit Ticket of K&L in the Amount of \$150,000, May 17, 1996 (Exhibit 320).

⁵²⁴ Ex. 317 Wilshire State Bank Account Statement for K&L, May 31, 1996; Ex. 320 Sumitomo Bank Cashier’s Check (Copy No. 2), May 17, 1996, and Wilshire State Bank Deposit Ticket of K&L in the Amount of \$150,000, May 17, 1996; Ex. 319 Sumitomo Bank Cashier’s Check, May 17, 1996.

⁵²⁵ Ex. 315 Wilshire State Bank Check No. 1087 from K&L to the DNC in the Amount of \$150,000, May 11, 1996; Ex. 317 Wilshire State Bank Account Statement for K&L, May 31, 1996.

⁵²⁶ Committee Interview of Chong Kim, August 28, 1998.

⁵²⁷ Wilshire State Bank Account Statement for K&L, June 28, 1996 (Exhibit 321); Ex. 315 Wilshire State Bank Check No. 1087 from K&L to the DNC in the Amount of \$150,000, May 11, 1996; *see generally* <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

Interestingly, although K&L's initial check was signed by Kim,⁵²⁸ K&L's contribution was not attributed to him; it was attributed to Los Angeles businessman Robert Lee, a friend and business associate of Kim.⁵²⁹ The contribution information provided to the Committee by the DNC lists then-DNC Finance Director Richard Sullivan and David Carroll as the DNC contacts for the contribution and Arkansas attorney Larry Wallace as the solicitor.⁵³⁰

According to Wallace, Lee, whom he had known for several years, initially approached him seeking business opportunities for Korean based Il Sung.⁵³¹ Lee also expressed an interest in making a contribution to the DNC.⁵³² Wallace introduced Lee to then-DNC Finance Director Richard Sullivan and David Carroll at the DNC and asked them to assist Lee with his contribution.⁵³³ Wallace told Committee counsel that he advised Sullivan and Carroll to insure that Lee understood the contribution must be made with his money.⁵³⁴ The only time Wallace ever met Kim is when Lee and Kim visited him at his hotel room in Washington, D.C., at which time Lee expressed the desire to contribute.⁵³⁵ According to Wallace, he tried to make it very clear to them that they had to contribute U.S. money and that it could not simply be funds routed through a U.S. bank account.⁵³⁶

Chong Kim advised Committee investigators that he has never owned any part of Il Sung.⁵³⁷ At the time of the contribution, K&L had yet to complete its first business project.⁵³⁸ According to Kim, his contribution to the DNC was part of an effort to develop overseas business opportunities in conjunction with Il Sung.⁵³⁹ The remaining \$50,000 of the \$200,000 received by Chong Kim from Il Sung was paid to Larry Wallace and Robert Lee, \$25,000 each.⁵⁴⁰ Kim advised Committee counsel that Wallace and Lee were paid to assist in the development of overseas business opportunities.⁵⁴¹ Wallace confirmed that he

⁵²⁸ Ex. 315 Wilshire State Bank Check No. 1087 from K&L to the DNC in the Amount of \$150,000, May 11, 1996; Committee Interview of Chong Kim, July 7, 1998; Ex. 316 DNC Check Tracking Form for Wilshire State Bank Check No. 1087 from K&L to the DNC in the Amount of \$150,000, May 11, 1996.

⁵²⁹ Committee Interview of Chong Kim, July 7, 1998; Ex. 316 DNC Check Tracking Form for Wilshire State Bank Check No. 1087 from K&L to the DNC in the Amount of \$150,000, May 11, 1996.

⁵³⁰ *Id.*

⁵³¹ Committee Interview of Larry Wallace, August 7, 1998.

⁵³² *Id.*

⁵³³ *Id.*

⁵³⁴ *Id.*

⁵³⁵ *Id.*

⁵³⁶ *Id.*

⁵³⁷ Committee Interview of Chong Kim, July 20, 1998.

⁵³⁸ IGI Contribution Review Materials of K&L, HS 003786, HS 011373, and HS 003787-HS 003815, at 2 (Exhibit 322); Ira Chinoy and Lena H. Sun, "Unwary DNC Accepted Donations at Face Value," *Washington Post*, November 22, 1996, at A1.

⁵³⁹ Committee Interview of Chong Kim, July 7, 1998.

⁵⁴⁰ Committee Interview of Chong Kim, July 7, 1998; Committee Interview of Larry Wallace, August 7, 1998; Sumitomo Bank Payment Order of Chong Kim & Associates in the Amount of \$25,000, May 6, 1996 (Exhibit 323); Ex. 313 Sumitomo Bank Account Statement of Chong Kim & Associates, May 31, 1996.

⁵⁴¹ Committee Interview of Chong Kim, July 7, 1998.

assisted Lee with some overseas business projects but was unaware that any of the money given to the DNC or paid to him was provided by Chong Kim or Il Sung.⁵⁴² Wallace said he was under the mistaken impression that Lee was the source of the funds and that Lee was the contact for K&L.⁵⁴³ This would possibly explain the attribution of K&L's contribution to Lee on the DNC check tracking form.⁵⁴⁴

Ernst & Young conducted a review of K&L's May 1996 \$150,000 contribution and was unable to confirm the address and telephone number provided by K&L.⁵⁴⁵ Apparently, no review questionnaire was completed.⁵⁴⁶ After Ernst & Young's unsuccessful attempt to verify the legality of K&L's contribution, IGI made an attempt.⁵⁴⁷ On January 9, 1997, an IGI employee interviewed Lee regarding K&L's contribution.⁵⁴⁸ Lee asserted that although K&L "has not done any commercial development in the United States . . . , the funds he contributed came from 'earnings in the U.S.'"⁵⁴⁹

Despite the questions raised by the Ernst & Young review of K&L's contribution, the DNC retained it. Moreover, the Committee has no evidence that the DNC discussed the contribution with then-Finance Director Richard Sullivan, David Carroll or Larry Wallace in conjunction with the DNC's contribution review, even though Wallace had warned Sullivan and Carroll to proceed with caution. In any event, K&L's \$150,000 contribution violated both 2 U.S.C. § 441e(a) and 2 U.S.C. § 441f, and thus, the DNC should disgorge K&L's illegal \$150,000 contribution to the U.S. Treasury.⁵⁵⁰

American Great Ground Group \$7,000 (Suspect)

On July 20, 1996, American Great Ground Group, Inc. ("AGGG"), a California corporation, issued a check to the DNC in the amount of \$7,000⁵⁵¹ in conjunction with the

⁵⁴² Committee Interview of Larry Wallace, August 7, 1998.

⁵⁴³ *Id.*

⁵⁴⁴ See Ex. 316 DNC Check Tracking Form for Wilshire State Bank Check No. 1087 from K&L to the DNC in the Amount of \$150,000, May 11, 1996.

⁵⁴⁵ Ernst & Young Contribution Review Materials of K&L, DNC 1806062, and DNC 1806066-DNC 1806072, at 2 (Exhibit 324).

⁵⁴⁶ *Id.* at 1-8.

⁵⁴⁷ Ex. 322 IGI Contribution Review Materials of K&L, HS 003786, HS 011373, and HS 003787-HS 003815.

⁵⁴⁸ *Id.* at 2.

⁵⁴⁹ *Id.*

⁵⁵⁰ See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; Ex. 6 Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998; Ex. 7 DNC List of Contributions Returned or Disgorge Produced to the Committee on November 20, 1997, at 1-9.

⁵⁵¹ Bank of America Check No. 1524 from AGGG to the DNC in the Amount of \$7,000, July 20, 1996 (Exhibit 325); DNC Check Tracking Form for Bank of America Check No. 1524 from AGGG to the DNC in the Amount of \$7,000, July 20, 1996 (Exhibit 326).

July 22, 1996, DNC Asian Dinner fund-raiser at the Century Plaza Hotel in Los Angeles.⁵⁵² John Huang was the DNC contact for the contribution.⁵⁵³

Ernst & Young conducted a review of AGGG's July 1996 \$7,000 contribution and was unable to confirm the address provided by AGGG.⁵⁵⁴ The DNC mailed a review questionnaire to James Shang, the contact for AGGG, in December 1996, but apparently received no response; the copy of AGGG's questionnaire provided to the Committee is completely blank.⁵⁵⁵ Attempts to reach Shang at the number provided to the DNC were also unsuccessful.⁵⁵⁶ Ernst & Young's review notes indicate that it was unable to gather any significant information on AGGG and designated the file "Term[inated]".⁵⁵⁷ After Ernst & Young's unsuccessful attempt to verify the legality of AGGG's contribution, IGI made an attempt.⁵⁵⁸ Shang did not return a Committee investigator's telephone calls.

The Committee has reviewed AGGG bank records: apparently, AGGG's predominant source of revenue at the time of the contribution was a series of wire transfers, all of which originated with the Bank of Communications in Shenyang, China,⁵⁵⁹ a bank owned and operated by the Chinese government.⁵⁶⁰ Although inconclusive, AGGG's bank records appear to indicate that the Bank of Communications was not only the issuing bank but also the ultimate source of the funds.⁵⁶¹

As indicated previously, foreign nationals are prohibited from making a political contribution directly or through any other person, or making an expenditure, in connection with an election to any political office.⁵⁶² The term "person" includes a corporation.⁵⁶³ The term "foreign national" includes the foreign principal of a domestic corporation.⁵⁶⁴ In FEC Advisory Opinion 1989-20, the FEC "prohibited contributions by a real estate development company that was predominately funded by a foreign national parent, and whose projects

⁵⁵² *Id.*

⁵⁵³ *Id.*

⁵⁵⁴ IGI Contribution Review Materials for AGGG/James Shang, HS 007737-HS 007760, at 3-4 (Exhibit 327).

⁵⁵⁵ *Id.* at 2

⁵⁵⁶ *Id.* at 11-18.

⁵⁵⁷ *Id.* at 2.

⁵⁵⁸ *See Id.* at 1-24.

⁵⁵⁹ Bank of America Account Statement of AGGG, June 28, 1996 (Exhibit 328); Bank of America Wire Transfer Report of AGGG in the Amount of \$35,785, June 26, 1996 (Exhibit 329); Bank of America Account Statement of AGGG, June 31, 1996 (Exhibit 330); Bank of America Account Statement of AGGG, August 30, 1996 (Exhibit 331); Bank of America Wire Transfer Report of AGGG in the Amount of \$47,985, August 23, 1996 (Exhibit 332).

⁵⁶⁰ Cheung Lai-Kuen, "Outlook on China Groups Lowered," *South China Morning Post*, March 22, 1997, at 2.

⁵⁶¹ Ex. 329 Bank of America Wire Transfer Report of AGGG in the Amount of \$35,785, June 26, 1996; Ex. 332 Bank of America Wire Transfer Report of AGGG in the Amount of \$47,985, August 23, 1996.

⁵⁶² 2 U.S.C. § 441e(a); 11 CFR § 110.4(a)(1) and (2); FEC Advisory Opinion No. 1992-16, June 26, 1992.

⁵⁶³ 2 U.S.C. § 431(11).

⁵⁶⁴ FEC Advisory Opinion 1992-16 (citing 22 U.S.C. § 611(b); 2 U.S.C. § 441e(b)(1); 11 C.F.R. § 110.4(a)(4)(i)).

were not yet generating income.”⁵⁶⁵ The ultimate source of the wire transfers in this case are not conclusively known. However, if the wire transfers, and thus the contribution, originated with a foreign principal of AGGG’s, AGGG’s contribution was an illegal contribution by a foreign national in violation of 2 U.S.C. § 441e(a).

As on other occasions, despite the paucity of information gathered pursuant to the Ernst & Young and IGI reviews, the DNC decided to retain AGGG’s \$7,000 contribution. However, based on an analysis of AGGG’s bank records, its \$7,000 contribution appears to constitute a violation of 2 U.S.C. § 441e(a) and, in any event, should be disgorged to the U.S. Treasury based on the DNC’s own criteria of insufficient information.⁵⁶⁶

Yong Xing Huang \$10,000 (Suspect)

On May 6, 1996, Y.X. Huang, a relative of John Huang,⁵⁶⁷ deposited \$5,000 cash into his checking account at Asia Bank, N.A. (“Asia Bank”), in Elmhurst, New York.⁵⁶⁸ At the time of the deposit, Y.X. Huang’s checking account balance was \$8,146.74.⁵⁶⁹ Three days later, on May 9, 1996, Y.X. Huang deposited an additional \$5,000 cash.⁵⁷⁰ On May 13, 1996, Y.X. Huang issued a check in the amount of \$10,000 to the DNC in conjunction with the DNC’s Asian Pacific American Leadership Council May 13, 1996, fund-raiser held the same day at the Sheraton-Carlton Hotel in Washington, D.C.⁵⁷¹ (Of the \$579,000 raised at this event, the DNC returned or disgorged at least \$475,000, 82% of the total raised.)⁵⁷² According to documents produced to the Committee by the DNC, John Huang was both the solicitor of and the DNC contact for Y.X. Huang’s contribution.⁵⁷³

⁵⁶⁵ FEC Advisory Opinion 1992-16 (citing FEC Advisory Opinion 1989-20).

⁵⁶⁶ See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; Ex. 6 Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998; Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9.

⁵⁶⁷ Committee Interview of Y.X. Huang, August 14, 1998.

⁵⁶⁸ Asia Bank Cash In Ticket of Y.X. Huang in the Amount of \$5,000, May 6, 1996, and Asia Bank Deposit Ticket of Y.X. Huang in the Amount of \$5,000, May 6, 1996 (Exhibit 333); Asia Bank Account Statement of Y.X. Huang, May 20, 1996 (Exhibit 334).

⁵⁶⁹ *Id.*

⁵⁷⁰ Asia Bank Cash In Ticket of Y.X. Huang in the Amount of \$5,000, May 9, 1996, and Asia Bank Deposit Ticket of Y.X. Huang in the Amount of \$5,000, May 9, 1996 (Exhibit 335); Ex. 334 Asia Bank Account Statement of Y.X. Huang, May 20, 1996.

⁵⁷¹ *Id.*; Asia Bank Check No. 102 from Y.X. Huang to the DNC in the Amount of \$10,000, May 13, 1996 (Exhibit 336); DNC Check Tracking Form for Asia Bank Check No. 102 from Y.X. Huang to the DNC in the Amount of \$10,000, May 13, 1996 D 0000335 (Exhibit 337).

⁵⁷² See generally *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rep. No. 167, 195th Cong., 2d Sess., vol. 4, 4816 (1998); Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9.

⁵⁷³ Ex. 337 DNC Check Tracking Form for Asia Bank Check No. 102 from Y.X. Huang to the DNC in the Amount of \$10,000, May 13, 1996 D 0000335.

Ernst & Young conducted a review of Y.X. Huang's May 1996 \$10,000 contribution.⁵⁷⁴ Although Ernst & Young discussed Y.X. Huang's contribution with his daughter,⁵⁷⁵ they did not receive any information directly from Y.X. Huang regarding his contributions.⁵⁷⁶ The Ernst & Young auditor noted that "[w]e need to speak to father [sic] directly,"⁵⁷⁷ but apparently neither Ernst & Young nor the DNC ever did.⁵⁷⁸ Two review forms relating to Y.X. Huang's contribution were provided to the Committee: one of the review forms is blank and labeled "Terminated."⁵⁷⁹ The other review form is complete and labeled "Unsuccessful."⁵⁸⁰

After the Ernst & Young review, IGI gathered a limited amount of additional information regarding Y.X. Huang.⁵⁸¹ However, through IGI, the DNC was able to determine that his social security number had been valid for approximately ten years at the time of the contribution⁵⁸² and that his home had an assessed value of \$361,000.⁵⁸³ This information evidently provided the DNC with the minimum information needed to conclude that the contribution was legal and appropriate; the DNC retained the contribution.

The Committee was successful in contacting Y.X. Huang.⁵⁸⁴ On August 14, 1998, Y.X. Huang contacted a Committee attorney telephonically through his daughter Sharon Huang, who served as a translator;⁵⁸⁵ Y.X. Huang speaks only limited English.⁵⁸⁶ Y.X. Huang indicated that his relative John Huang solicited his contribution in the amount of \$10,000.⁵⁸⁷ Y.X. Huang advised that he has not seen John Huang in several months.⁵⁸⁸ When asked about the source of the \$10,000 cash deposited into his account, Y.X. Huang indicated that a "traditional Chinese organization loaned him the money."⁵⁸⁹ He denied that the money was John Huang's.⁵⁹⁰ Y.X. Huang was unwilling or unable to provide additional details regarding the loan.⁵⁹¹

Particularly suspicious is the fact that the \$10,000 cash was deposited in two separate portions of \$5,000 each.⁵⁹² Y.X. Huang had no explanation for breaking the

⁵⁷⁴ IGI Contribution Review Materials for Y.X. Huang, HS 007153-HS 007190, at 6 (Exhibit 338).

⁵⁷⁵ *Id.* at 22.

⁵⁷⁶ *Id.* at 1-38.

⁵⁷⁷ *Id.* at 28.

⁵⁷⁸ *Id.* at 1-22.

⁵⁷⁹ *Id.* at 6.

⁵⁸⁰ *Id.* at 22

⁵⁸¹ *Id.*

⁵⁸² *Id.* at 2

⁵⁸³ *Id.* at 2.

⁵⁸⁴ Committee Interview of Y.X. Huang, August 14, 1998.

⁵⁸⁵ *Id.*

⁵⁸⁶ *Id.*

⁵⁸⁷ *Id.*

⁵⁸⁸ *Id.*

⁵⁸⁹ *Id.*

⁵⁹⁰ *Id.*

⁵⁹¹ *Id.*

⁵⁹² Ex. 334 Asia Bank Account Statement of Y.X. Huang, May 20, 1996.

deposit into two equal halves.⁵⁹³ As indicated previously, under federal law, a CTR must be filed in conjunction with any cash transaction involving \$10,000 or more.⁵⁹⁴ It is a federal crime to avoid the generation of a CTR purposefully.⁵⁹⁵

With regard to matters discussed with Committee investigators, Y.X. Huang's veracity is questionable: when asked about a \$50,000 cashier's check that he received from a Cecilia Soohoo⁵⁹⁶ and deposited into his Asia Bank account,⁵⁹⁷ he did not recall receiving the \$50,000 check and denied knowing Soohoo.⁵⁹⁸ Committee counsel informed Y.X. Huang that the Committee is in possession of his bank records,⁵⁹⁹ nonetheless, during detailed questioning regarding the \$50,000, Y.X. Huang repeated his previous answers.⁶⁰⁰

Later that same day, on August 14, 1998, Y.X. Huang re-contacted Committee counsel telephonically through his daughter Sharon Huang.⁶⁰¹ At that time, Y.X. Huang indicated that he then recalled receiving the \$50,000.⁶⁰² According to Y.X. Huang, he received the \$50,000 in the form of a wire transfer from his relative Sin Yun Chen of Hong Kong who needed to store the money in his account because she wanted to purchase a home in the United States.⁶⁰³ Bank records indicate that the \$50,000—after being deposited into Y.X. Huang's account on May 23, 1996⁶⁰⁴—was sent via wire transfer to the People's Construction Bank of China in Zhe Jiang, China on May 24, 1996.⁶⁰⁵ Moreover, Committee counsel informed Y.X. Huang that the \$50,000 was not a wire transfer; it was a cashier's check from Cecilia Soohoo.⁶⁰⁶ He again denied knowing Soohoo.⁶⁰⁷ Y.X. Huang was unable to provide further details regarding the transaction.⁶⁰⁸

Despite the fact that the DNC's review of Y.X. Huang's contribution was labeled "Terminated" and labeled "Unsuccessful," the DNC apparently decided that it had

⁵⁹³ Committee Interview of Y.X. Huang, August 14, 1998.

⁵⁹⁴ See generally 31 U.S.C. §§ 5313 and 5322; 31 C.F.R. § 103.22.

⁵⁹⁵ 31 U.S.C. § 5322.

⁵⁹⁶ John Huang is reportedly related to a Linda Soohoo.

⁵⁹⁷ Citizens Bank Cashier's Check No. 806626213 from Cecelia H.Y. Soohoo to Yong Xing Huang in the Amount of \$50,000, May 13, 1996, and Asia Bank Deposit Ticket of Y.X. Huang in the Amount of \$50,000, May 23, 1996 (Exhibit 339); Asia Bank Account Statement of Y.X. Huang, May 21, 1996 (Exhibit 340); Asia Bank Withdrawal Ticket of Y.X. Huang in the Amount of \$50,030, May 24, 1996 (Exhibit 341).

⁵⁹⁸ Committee Interview of Y.X. Huang, August 14, 1998.

⁵⁹⁹ *Id.*

⁶⁰⁰ *Id.*

⁶⁰¹ *Id.*

⁶⁰² *Id.*

⁶⁰³ *Id.*

⁶⁰⁴ Ex. 339 Citizens Bank Cashier's Check No. 806626213 from Cecelia H.Y. Soohoo to Yong Xing Huang in the Amount of \$50,000, May 13, 1996, and Asia Bank Deposit Ticket of Y.X. Huang in the Amount of \$50,000, May 23, 1996; Ex. 340 Asia Bank Account Statement of Y.X. Huang, May 21, 1996.

⁶⁰⁵ Ex. 341 Asia Bank Withdrawal Ticket of Y.X. Huang in the Amount of \$50,030, May 24, 1996; Asia Bank Wire Transfer Report of Y.X. Huang in the Amount of \$50,000, May 24, 1996 (Exhibit 342).

⁶⁰⁶ Committee Interview of Y.X. Huang, August 14, 1998.

⁶⁰⁷ *Id.*

⁶⁰⁸ *Id.*

sufficient information to declare the contribution appropriate and retain it. That fact notwithstanding, based on Huang's proven history of using conduits to contribute to the DNC and the suspicious activity evidenced by Y.X. Huang's bank records, the evidence indicates that his \$10,000 was most likely another illegal conduit contribution generated by John Huang in violation of 2 U.S.C. § 441f. In any event, the Y.X. Huang's \$10,000 contribution is highly suspect and should be disgorged to the U.S. Treasury based on the DNC's own criterion of insufficient information.⁶⁰⁹

Platinum Realty, Inc. \$22,500 (Suspect)

Platinum Realty, Inc. ("Platinum") contributed \$12,500 to the DNC on February 19, 1996, in conjunction with the DNC's Asian Dinner fund-raiser held that same day at the Hay Adams Hotel⁶¹⁰ and contributed an additional \$10,000 to the DNC on July 18, 1996, in conjunction with the DNC's July 22, 1996, Asian Dinner fund-raiser at the Century Plaza Hotel, Los Angeles, California.⁶¹¹ Both contribution checks were issued from Platinum's checking account at the American International Bank in Los Angeles and signed by Platinum's president Huey Min Yu.⁶¹²

John Huang was the DNC contact for and solicitor of Platinum's contributions.⁶¹³ In addition, telephone records and other documents produced to the Committee provide additional links between Yu and Huang.⁶¹⁴ The telephone records show calls between Yu and Huang around the time of Yu's July contribution.⁶¹⁵

On several occasions during December 1996 and January 1997, the DNC and Ernst & Young personnel contacted Yu and one of his employees regarding his contributions to

⁶⁰⁹ See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; Ex. 6 Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998; Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9.

⁶¹⁰ DNC Check Tracking Form for American International Bank Check No. 1409 from Platinum Realty to the DNC in the Amount of \$12,500, February 19, 1996 DNC 1803275 (Exhibit 343).

⁶¹¹ DNC Check Tracking Form for American International Bank Check No. 1644 from Platinum Realty to the DNC in the Amount of \$10,000, July 18, 1996 DNC 1803276 (Exhibit 344).

⁶¹² *Id.*; Ex. 343 DNC Check Tracking Form for American International Bank Check No. 1409 from Platinum Realty to the DNC in the Amount of \$12,500, February 19, 1996 DNC 1803275.

⁶¹³ *Id.*; Ernst & Young Contribution Review Materials for Huey Min Yu, DNC 1803240, DNC 1803242-DNC 1803244, DNC 1803247-DNC 1803248, DNC 1803252, DNC 1803258, and DNC 1803270-DNC 1803276 (Exhibit 345).

⁶¹⁴ Phone Records of John Huang Compiled by Committee Investigators (Exhibit 346); Invoice of Berry & Associates, August 1, 1996 (Exhibit 347); Facsimile from Huey Min Yu to Paul C. Berry, May 14, 1996 (Exhibit 348).

⁶¹⁵ Ex. 346 Phone Records of John Huang Compiled by Committee Investigators.

the DNC.⁶¹⁶ On January 7, 1997, Yu provided an Ernst & Young auditor with the information requested by the Ernst & Young questionnaire.⁶¹⁷ The auditor inquired of Yu:

Would you be willing to send me a letter confirming that fact, and also confirming that none of the money came from outside of the United States or from a source other than [company's] U.S. funds?⁶¹⁸

Yu responded yes.⁶¹⁹ Yu apparently never confirmed the source of the funds used for the contribution. The auditor's notes indicate that Yu "was aggravated by the questions, particularly citizenship & income. Mentioned having someone from the DNC call him."⁶²⁰ The Ernst & Young auditor labeled Yu's review file "Survey Unsuccessful."⁶²¹ The Committee twice unsuccessfully attempted to contact Yu.

In a letter to an Ernst & Young auditor written the same day of the Ernst & Young interview, Huey Min Yu requested the return of his contribution, stating in pertinent part that:

I regret to hear that DNC [sic] has considered my contributions unacceptable due to lack of information Should the receiving entity to [sic] my contribution captioned above considered [sic] the information given by me at the time of contribution as "incomplete" and therefore is an unacceptable transaction, then please consider this letter as my formal request that the subject contributions be returned as soon as possible.⁶²²

As a result of his objection to the DNC review, Yu provided no information which would have enabled the DNC to make an informed determination regarding the legality or appropriateness of Platinum Realty's contribution. But despite the paucity of information gathered pursuant to the Ernst & Young review and its own characterization of the review as "unsuccessful," the DNC retained Yu's \$22,500 in contributions. The DNC has returned over 50 contributions at the request of the contributor.⁶²³ Due to insufficient information and Yu's own request for the return of his contributions, the DNC should returned Yu's \$22,500 to him or disgorge his contributions to the U.S. Treasury.⁶²⁴

⁶¹⁶ Ex. 345 Ernst & Young Contribution Review Materials for Huey Min Yu, DNC 1803240, DNC 1803242-DNC 1803244, DNC 1803247-DNC 1803248, DNC 1803252, DNC 1803258, and DNC 1803270-DNC 1803276, at 2-3, and 8.

⁶¹⁷ *Id.* at 4-8.

⁶¹⁸ *Id.* at 7.

⁶¹⁹ *Id.*

⁶²⁰ *Id.* at 2.

⁶²¹ *Id.* at 1. The Committee has received no evidence of IGI's participation in this review. *Id.*

⁶²² Facsimile from Huey Min Yu to Alyson Payne, January 7, 1997 (Exhibit 349).

⁶²³ Ex. 7 DNC List of Contributions Returned or Disgorge Produced to the Committee on November 20, 1997, at 1-9.

⁶²⁴ See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25,

Ji Ping Yu \$5,000 (Suspect)

On August 17, 1996, Ji Ping Yu issued a check in the amount of \$5,000 to the DNC's Victory '96 fund.⁶²⁵ Two days later, on August 19, 1996, Ji Ping Yu deposited \$5,500 in cash in two separate transactions, \$2,500 and then \$3,000.⁶²⁶ Yu's checking account balance was \$2,745.86 at the time of the initial deposit.⁶²⁷ Although difficult to decipher due to poor copy quality, the deposits appear to have been made almost simultaneously.⁶²⁸ The check cleared Yu's Citibank checking account on August 23, 1996.⁶²⁹

According to DNC contribution information provided to the Committee, the contribution was solicited by Yah Lin "Charlie" Trie in conjunction with the President's Birthday Party fund-raiser held in New York City on August 19, 1996.⁶³⁰ The DNC contact/fund-raiser for the contribution was Richard Sullivan.⁶³¹ The DNC apparently reviewed Yu's contribution, but the Committee has limited—three pages with information obtained by the contributor at the time of contribution—information regarding the review.⁶³²

It is essential to note that Trie used a number of conduit contributors to funnel thousands of dollars into the DNC during August 1996, most, if not all, of which was in conjunction with the DNC's Birthday Party fund-raiser for the President.⁶³³ Based on Trie's proven history of using conduits to contribute to the DNC and the suspicious activity evidenced by Ji Ping Yu's bank records, the evidence indicates that Yu's \$5,000 may have been an illegal conduit contribution in violation of 2 U.S.C. § 441f. In any event, the DNC—and the Committee for that matter—have been unable to obtain sufficient information to make an informed decision as to the legality or appropriateness of this contribution.

1998; Ex. 6 Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998; Ex. 7 DNC List of Contributions Returned or Disgorged Produced to the Committee on November 20, 1997, at 1-9.

⁶²⁵ Citibank Check No. 833 from Tze Hwa Yu and Ji Ping Yu to Victory 96 in the Amount of \$5,000, August 17, 1996 (Exhibit 350); Citibank Account Statement of Tze Hwa Yu and Ji Ping Yu, August 26, 1996 (Exhibit 351).

⁶²⁶ *Id.*; Citibank Deposit Ticket of Ji Ping Yu in the Amount of \$2,500, August 19, 1996 (Exhibit 352); Citibank Deposit Ticket of Ji Ping Yu in the Amount of \$3,000, August 19, 1996 (Exhibit 353).

⁶²⁷ *Id.*

⁶²⁸ The sequential transaction numbers stamped on the rear of the deposit tickets are evidence that the two deposits were made in sequence and simultaneously. Ex. 352 Citibank Deposit Ticket of Ji Ping Yu in the Amount of \$2,500, August 19, 1996; Ex. 353 Citibank Deposit Ticket of Ji Ping Yu in the Amount of \$3,000, August 19, 1996. While the deposit tickets are dated August 18, 1996 in handwriting, the account statement indicates that the deposits were made on August 19, 1996. Ex. 351 Citibank Account Statement of Tze Hwa Yu and Ji Ping Yu, August 26, 1996.

⁶²⁹ *Id.*

⁶³⁰ IGI Contribution Review Materials for Ji Ping Yu, HS 002576-HS 002578, at 3 (Exhibit 354).

⁶³¹ *Id.* at 2.

⁶³² *Id.* at 1-3.

⁶³³ See Federal Grand Jury Indictment of Yah Lin "Charlie" Trie, U.S. District Court for the District of Columbia, January 28, 1998.

Therefore, pursuant to DNC criteria and DNC practice, the DNC should return Yu's \$5,000 contribution to him or disgorge it to the U.S. Treasury.⁶³⁴

Kuang Tao Zhou \$50,000 (Suspect)

On April 18, 1996, Mei Chi Kuo Chow of Los Angeles, California, issued a check in the amount of \$30,000 to Kuang Tao Zhou,⁶³⁵ a college student who resides in Philadelphia, Pennsylvania.⁶³⁶ The entire \$30,000 can be traced to a \$60,000 February 27, 1996, wire transfer from Tzu Shih Chow's account at Chinatrust Commercial Bank to Mei Chi Kuo Chow's account at Union Bank, Santa Monica, California.⁶³⁷ Zhou deposited the \$30,000 check into his account at Jefferson Bank of Philadelphia that same day.⁶³⁸ His checking account balance was \$3,646.70 at the time of the deposit.⁶³⁹ The following day, on April 19, 1996, Zhou issued a check in the amount of \$30,000 to the DNC in conjunction with the April 26, 1996, Philadelphia POTUS Gala/Rendell Dinner.⁶⁴⁰ DNC contribution information produced to the Committee attributes the solicitation of Zhou's contribution to Mayor Ed Rendell of Philadelphia.⁶⁴¹ In addition to the foregoing, Zhou contributed an additional \$26,500 to the DNC, \$2,000 to the DSCC and \$4,000 to congressional and senatorial candidates.⁶⁴²

Also on April 19, 1996, Zhou received a \$19,985 wire into his Jefferson Bank

⁶³⁴ See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; Ex. 6 Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998; Ex. 7 DNC List of Contributions Returned or Disgorge Produced to the Committee on November 20, 1997, at 1-9.

⁶³⁵ Union Bank of California Account Statement of Mei Chi Kuo Chow, April 24, 1996 (Exhibit 355); Union Bank of California Check No. 2772 from Mei Chi Kuo Chow to Kuang Tao Zhou in the Amount of \$30,000, April 18, 1996, and Jefferson Bank Deposit Ticket of Kuang Tao Zhou in the Amount of \$37,000, April 18, 1996 (Exhibit 356).

⁶³⁶ IGI Contribution Review Materials for Kuang Tao Zhou, HS 001600-HS 001620, at 2 (Exhibit 357); "Rendell's Top Donor Just Wants Spot in Law School," *Harrisburg Patriot*, December 18, 1996, at B6.

⁶³⁷ Union Bank of California Wire Transfer Report of Mei Chi Kuo Chow in the Amount of \$59,985, February 28, 1996 (Exhibit 358); Union Bank of California Account Statement of Mei Chi Kuo Chow, March 26, 1996 (Exhibit 359).

⁶³⁸ Ex. Union Bank of California Check No. 2772 from Mei Chi Kuo Chow to Kuang Tao Zhou in the Amount of \$30,000, April 18, 1996, and Jefferson Bank Deposit Ticket of Kuang Tao Zhou in the Amount of \$37,000, April 18, 1996; Jefferson Bank Account Statement of Kuang Tao Zhou, May 13, 1996 (Exhibit 360).

⁶³⁹ Ex. Jefferson Bank Account Statement of Kuang Tao Zhou, May 13, 1996.

⁶⁴⁰ *Id.*; Jefferson Bank Check No. 480 from Kuang Tao Zhou to the DNC Non-Federal in the Amount of \$30,000, April 19, 1996 (Exhibit 361); Ex. 357 IGI Contribution Review Materials for Kuang Tao Zhou, HS 001600-HS 001620, at 2.

⁶⁴¹ *Id.*

⁶⁴² <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998. April 24, 1996, \$10,000 to the DNC; April 24, 1996, \$10,000 to the DNC; August 12, 1996, \$1,500 to the DNC Birthday Victory Fund; June 6, 1997, \$2,000 to Rep. Richard Gephardt (D-MO-3); October 10, 1997, \$1,000 to Sen. Edward M. Kennedy (D-MA); October 22, 1997, \$5,000 to the DNC; October 28, 1997, \$2,000 to the DSCC; March 31, 1998, \$2,000 to Geraldine Ferraro (D-NY); April 9, 1998, \$500 to Robert A. Borski (D-PA-3).

account from Tzu Shih Chow in Taiwan.⁶⁴³ FEC data and press reports indicate that Zhou contributed an additional \$20,000 to the DNC in April 1996 in two separate \$10,000 contributions which Zhou has described as a “credit card” contribution.⁶⁴⁴

Ernst & Young conducted a review of Zhou’s April 1996 \$30,000 contribution and was unable to confirm the address and telephone number provided by Zhou.⁶⁴⁵ The DNC mailed a review questionnaire to Zhou on January 6, 1997,⁶⁴⁶ but apparently received no response; the copy of Zhou’s questionnaire provided to the Committee is completely blank.⁶⁴⁷ After Ernst & Young’s unsuccessful attempt to verify the legality of Zhou’s contribution, IGI made an attempt.⁶⁴⁸ IGI’s review notes indicate that it was unable to gather any additional information on Zhou.⁶⁴⁹

On July 8, 1998, Committee investigators unsuccessfully attempted to telephone and locate Mei Chi Kuo and Tzu Shih Chow in Los Angeles, California. Also, Committee investigators repeatedly made unsuccessful attempts to telephone Zhou in Philadelphia at numbers provided by him to the DNC.

As in other instances of suspect contributions, despite the paucity of information gathered pursuant to the Ernst & Young and IGI reviews, the DNC decided to retain Zhou’s \$30,000 contribution. The DNC apparently did not conduct a review regarding Zhou’s additional \$20,000 in contributions also made in April 1996. While Zhou is a U.S. Citizen according to Ernst & Young notes⁶⁵⁰ and the son of a wealthy Taiwanese magnate,⁶⁵¹ bank records indicate that his three contributions to the DNC totaling \$50,000 appear to have been illegal conduit contributions in violation of 2 U.S.C. § 441f. In any event, the DNC has insufficient information to determine the legality or appropriateness of Zhou’s contributions. Therefore, pursuant to federal regulations and DNC practice, the DNC should disgorge Zhou’s \$50,000 in contributions to the U.S. Treasury.⁶⁵²

⁶⁴³ Jefferson Bank Account Credit Ticket of Kuang Tao Zhou in the Amount of \$19,977, April 19, 1996 (Exhibit 362).

⁶⁴⁴ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998; “Rendell’s Top Donor Just Wants Spot in Law School,” *Harrisburg Patriot*, December 18, 1996. The Committee has gathered credit card records that confirm a \$10,000 contribution to the DNC on April 23, 1996. Citibank Credit Card Account Statement for Kuang Tao Zhou, April 30, 1996 (Exhibit 363). The Committee has not confirmed the second \$10,000 contribution made on April 24, 1996, as indicated by the FEC data and in the press.

⁶⁴⁵ Ex. 357 IGI Contribution Review Materials for Kuang Tao Zhou, HS 001600-HS 001620, at 3 and 5-7.

⁶⁴⁶ *Id.* at 3.

⁶⁴⁷ *Id.* at 9-21.

⁶⁴⁸ *Id.* at 1-21.

⁶⁴⁹ *Id.* at 6-8.

⁶⁵⁰ *Id.* at 4.

⁶⁵¹ “Rendell’s Top Donor Just Wants Spot in Law School,” *Harrisburg Patriot*, December 18, 1996.

⁶⁵² See FEC Advisory Opinion 1995-19; FEC Advisory Opinion 1991-39; Ex. 4 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., June 27, 1997 (citing FEC Advisory Opinion 1995-19 and FEC Advisory Opinion 1991-39); Ex. 5 Letter from Joseph E. Sandler, Esq. to Lawrence Noble, Esq., March 25, 1998; Ex. 6 Letter from Judah Best, Esq. to James C. Wilson, Esq., April 15, 1998; Ex. 7 DNC List of Contributions Returned or Disgorge Produced to the Committee on November 20, 1997, at 1-9.

**PAULINE KANCHANALAK RELATED CONTRIBUTIONS
DURING THE 1992, 1994 AND 1996 ELECTION CYCLES**

Duangnet Kronenberg \$261,500 and Pauline Kanchanalak \$112,500 (Illegal)

During the period September 1992 through June 1996, then-DNC fund-raiser Pauline Kanchanalak and her sister-in-law, Duangnet “Georgie” Kronenberg, illegally funneled at least \$679,000 to the DNC and other Democratic causes.⁶⁵³ In the wake of intense press scrutiny and a DNC internal investigation regarding Kanchanalak and her fund-raising activities, the DNC returned Kanchanalak’s contributions totaling \$253,500⁶⁵⁴ on November 20, 1996.⁶⁵⁵ In contrast, the press paid far less attention to Kronenberg, whose contributions are detailed below:⁶⁵⁶

<u>Name</u>	<u>Check Date</u>	<u>FEC Date</u>	<u>Recipient</u>	<u>Amount</u>
Duangnet Kronenberg \$4,000	09/23/92	09/28/92	DNC	
Duangnet Kronenberg \$5,000	09/24/92	09/28/92	DNC	
Duangnet Kronenberg \$20,000	05/26/94	05/27/94	DNC	
Duangnet Kronenberg \$15,000	06/07/94	06/13/94	DNC	
Duangnet Kronenberg \$5,000	02/26/96	02/29/96	DNC	
Duangnet Kronenberg \$5,000	03/08/96	03/11/96	DNC	
Duangnet Kronenberg \$5,000	03/14/96	03/15/96	DNC	
Duangnet Kronenberg \$5,000	05/23/96	06/06/96	DNC	
Duangnet Kronenberg \$50,000	06/18/96	06/19/96	DNC	

Owing to what appears to have been relatively little press scrutiny of Kronenberg—a database search of national periodicals indicates that only 27 articles mentioning Kronenberg were published between the breaking of the campaign finance scandal on September 21, 1996, and December 31, 1996, in contrast to 149 articles mentioning

⁶⁵³ Federal Grand Jury Indictment of Pauline Kanchanalak and Duangnet Kronenberg, U.S. District Court for the District of Columbia, July 13, 1998.

⁶⁵⁴ <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

⁶⁵⁵ Marcy Gordon, “DNC Returns \$253,000 Attributed to Thai Donor; Businesswoman, a Legal U.S. Resident, Says Money Actually Came from Mother-in-Law,” *Washington Post*, November 21, 1996; *see also*, <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

⁶⁵⁶ *Id.*

Kanchanalak⁶⁵⁷—the DNC retained her contributions totaling \$114,000 until recently when it disgorged \$105,000 to the U.S. Treasury;⁶⁵⁸ it did not disgorge \$9,000.⁶⁵⁹ On July 13, 1998, Kanchanalak and Kronenberg were indicted by a federal grand jury and charged with “conspiring to impair and impede the FEC and to cause the submission of false statements to the FEC.”⁶⁶⁰ It was not until the indictment that the DNC pledged to return Kronenberg’s contributions.⁶⁶¹

In addition to the DNC, ten state Democratic parties received contributions from Kanchanalak and Kronenberg as detailed below:⁶⁶²

<u>Name</u>	<u>Check Date</u>	<u>FEC Date</u>	<u>Recipient</u>	<u>Amount</u>
Pauline Kanchanalak \$5,000	10/20/92		California Democratic Party	
Pauline Kanchanalak \$24,500	06/25/96		California Democratic Party	
Pauline Kanchanalak \$35,000	06/27/96		Florida Democratic Party	
Pauline Kanchanalak \$33,000	06/29/96		Ohio Democratic Party	
Pauline Kanchanalak \$25,000	07/05/96		Illinois Democratic Party	
Pauline Kanchanalak \$25,000	07/05/96		Pennsylvania Democratic Party	
Duangnet Kronenberg \$5,000	09/08/94		Massachusetts Democratic Party	
Duangnet Kronenberg \$4,000	10/06/94		Maryland Democratic Party	
Duangnet Kronenberg \$5,000	10/06/94		Oklahoma Democratic Party	
Duangnet Kronenberg \$2,500	10/06/94		Kentucky Democratic Party	
Duangnet Kronenberg \$1,000	10/06/94		West Virginia Democratic Party	
Duangnet Kronenberg \$30,000	06/13/96		California Democratic Party	
Duangnet Kronenberg \$25,000	06/15/96		Florida Democratic Party	

⁶⁵⁷ The search referenced was conducted on the “allnewsplus” library of the *Westlaw* database. The search used regarding Kronenberg was “date(1996) and (Georgie Duangnet) +2 Kronenberg. The search used regarding Kanchanalak was “date (1996) and Pauline +2 Kanchanalak.”

⁶⁵⁸ See Ex. 18 Letter from Joseph E. Sandler, Esq. to Lawrence M. Noble, Esq., July 24, 1998.

⁶⁵⁹ According to a letter from the DNC to the FEC, the DNC did not disgorge the September 23, 1992, \$4,000 contribution to the DNC and the September 24, 1992, \$5,000 contribution to the DNC. See generally Ex. 18 Letter from Joseph E. Sandler, Esq. to Lawrence M. Noble, Esq., July 24, 1998.

⁶⁶⁰ Federal Grand Jury Indictment of Pauline Kanchanalak and Duangnet Kronenberg, U.S. District Court for the District of Columbia, July 13, 1998.

⁶⁶¹ Amy Keller, “Burton Eyes Unreturned DNC Cash,” *Roll Call*, July 20, 1998.

⁶⁶² <http://wyl.ewg.org>, Environmental Working Group Website, Compiled from FEC Data, Last Updated September 10, 1998.

Duangnet Kronenberg \$30,000	06/18/96	Illinois Democratic Party
Duangnet Kronenberg \$20,000	06/21/96	Ohio Democratic Party
Duangnet Kronenberg \$25,000	06/25/96	Pennsylvania Democratic Party

Recently, the Committee wrote the ten state Democratic Parties who received contributions from Kanchanalak and Kronenberg to inquire as to the state parties' retention of these contributions and inform them of the indictment and the DNC's practice of returning illegal political contributions to the U.S. Treasury pursuant to federal election law.⁶⁶³ The Committee has received information that Florida, Maryland, and Ohio have returned the contributions.⁶⁶⁴ Massachusetts has informed Committee counsel that it is reviewing the matter. The remainder have, to date, yet to respond to the Committee.⁶⁶⁵ These contributions are illegal and should be returned.

The DNC conducted a review of Kronenberg's contributions in December 1996.⁶⁶⁶ Kronenberg cooperated with Ernst & Young auditors and indicated that the money contributed to the DNC was her own.⁶⁶⁷ In the fall of 1997 much more information regarding Kronenberg's contribution came to light as a result of the House and Senate campaign finance investigations. On September 16, 1997, the Senate Governmental Affairs Committee held a hearing focusing directly on certain contributions of Kanchanalak and Kronenberg.⁶⁶⁸ The Senate committee publicly disclosed the foreign source of these contributions.⁶⁶⁹ However, until recently, the DNC and state Democratic parties evidently were ignorant of the publicly available evidence that Kronenberg's contributions were highly suspect and possibly illegal.

⁶⁶³ Letters from Chairman Dan Burton to the state Democratic parties of Maryland, Oklahoma, Kentucky, West Virginia, California, Florida, Illinois, Ohio, and Pennsylvania, July 24, 1998, and Massachusetts, August 3, 1998 (Exhibit 364). Kanchanalak's contributions to state Democratic parties include: October 20, 1992, \$5,000 to the California Democratic Party; June 25, 1996, \$24,500 to the California Democratic Party; June 27, 1996, \$35,000 to the Florida Democratic Party; June 29, 1996, \$33,000 to the Ohio Democratic Party; July 5, 1996, \$25,000 to the Illinois Democratic Party; July 5, 1996, \$25,000 to the Pennsylvania Democratic Party.

⁶⁶⁴ Letter from Maryland Democratic Party to Chairman Dan Burton, July 29, 1998 (Exhibit 365); Letter from Florida Democratic Party to Chairman Dan Burton, July 29, 1998 (Exhibit 366); Letter from Ohio Democratic party to Chairman Dan Burton, July 30, 1998 (Exhibit 367).

⁶⁶⁵ The Committee has not received a response from the state Democratic parties of Massachusetts, Oklahoma, Kentucky, West Virginia, California, Illinois, and Pennsylvania.

⁶⁶⁶ Ernst & Young Contribution Review Materials for Duangnet Kronenberg, DNC 1802603, DNC 1802606, DNC 1802609-DNC 1802610, DNC 1802612, DNC 1802615, DNC 1802617, and DNC 1802619-DNC 1802623, at 1-12 (Exhibit 368).

⁶⁶⁷ *Id.* at 5.

⁶⁶⁸ See generally *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rep. No. 167, 195th Cong., 2d Sess., vol. 1, 206-223, 1192, and 475 (1998).

⁶⁶⁹ See generally *Id.* at 208 and 475; *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, 105th Cong., 1st Sess., Part VII, S. Hrg. 105-300, 384 (1998).

And, if that were not sufficient, the Final Report of that same Senate committee dedicated over 15 pages to detailing the fund-raising activities of Kanchanalak and Kronenberg.⁶⁷⁰ The report directly questioned the legality of the contributions⁶⁷¹ and contains sufficient information for the DNC to conclude that Kronenberg's contributions were possibly illegal and, at a minimum, inappropriate under the DNC's own criteria of appropriateness. DNC General Counsel Sandler even admitted to the Committee that he read the Senate report "about the time" it was made public,⁶⁷² but the DNC still did not return Kronenberg's contributions.

The DNC ignored the publicly available evidence regarding Kronenberg's contributions until she was indicted by a federal grand jury.⁶⁷³ In the wake of the indictment, DNC spokesman Rick Hess reacted with surprise:

Until the indictment was handed down last week, there was no indication that donations from Ms. Kronenberg were from anybody but herself.⁶⁷⁴

Additionally, DNC General Counsel Sandler in a July 24, 1998, letter advised the FEC that:

Prior to the date of the indictment, the DNC had no information indicating that these specific contributions were in any way unlawful or improper.⁶⁷⁵

Prior to the date of the indictment, the public record indicated otherwise. The DNC's litany of misleading statements that were issued when the campaign scandal broke in 1996 continue even today.

It is interesting to note that although the DNC ignored the Senate Final Report with regard to Kronenberg's contributions, it has cited that same Final Report to the Committee when it has supported their decision to retain certain contributions.⁶⁷⁶ Furthermore, Ms. Kronenberg has refused to cooperate with both House and Senate investigators and has invoked her Fifth Amendment privilege against self-incrimination.

In sum, the DNC returned Kanchanalak's contributions in late 1996 in the wake of the breaking campaign finance scandal under the lights of intense press scrutiny. As a

⁶⁷⁰ See generally *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rep. No. 167, 195th Cong., 2d Sess., vol. 1, 206-223 and 1192 (1998).

⁶⁷¹ *Id.* at 208; see also *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, 105th Cong., 1st Sess., Part VII, S. Hrg. 105-300, 384 (1998)

⁶⁷² Committee Deposition of Joseph E. Sandler, Esq., May 14, 1998, 113.

⁶⁷³ DNC Response to the Committee's June 23, 1998, Interrogatories, August 6, 1998, at 38-39.

⁶⁷⁴ Amy Keller, "Burton Eyes Unreturned DNC Cash," *Roll Call*, July 20, 1998 (emphasis added).

⁶⁷⁵ Ex. 18 Letter from Joseph E. Sandler, Esq. to Lawrence M. Noble, Esq., July 24, 1998 (emphasis added).

⁶⁷⁶ DNC Response to the Committee's June 23, 1998, Interrogatories, August 6, 1998, at 12.

result of its internal inquiry regarding Kanchanalak, the DNC was aware of Kronenberg's contributions and her relationship with Kanchanalak. But the DNC retained Kronenberg's contributions. In September 1997, the Senate held campaign finance hearings which specifically questioned the legality of Kronenberg's contributions. But the DNC retained Kronenberg's contributions. The Senate published its Final Report in early 1998 again directly questioning the legality of Kronenberg's contributions and, soon thereafter, DNC General Counsel Sandler read it. But the DNC retained Kronenberg's contributions. In July 1998, Kronenberg was indicted by a federal grand jury for campaign finance violations. Finally, the DNC returned Kronenberg's contributions. Even then the DNC maintained that they never had any indication Kronenberg's contributions were "unlawful," "improper," or "from anybody but herself." The DNC's actions with regard to Kronenberg's contributions are indicative of the disingenuous approach the DNC has taken throughout the campaign finance scandal.

CONCLUSION

After an extensive and thorough investigation of the DNC's contribution review process and contributions received by it from 1992-1996, it is clear that the DNC's public words often were and continue to be at odds with its intentions and actions. Time and time again, the DNC received information regarding the illegality or inappropriateness of contributions, but failed to take the appropriate action of returning or disgorging them. Moreover, often when the DNC received no significant information regarding contributions, it retained the funds. Prompting the DNC to return illegal or otherwise questionable contributions has at times closely resembled the painful and difficult process of pulling teeth.

The Committee's conclusions would likely be altogether different were the contributions at issue not linked to a variety of other suspicious individuals—most of which have refused to cooperate with federal authorities—and circumstances under investigation by the Department of Justice as well as the Committee. And though the Committee has been severely hampered in its investigation by non-cooperative witnesses, it still has been identified over 1.7 million dollars in illegal or suspect contributions that remains in Democratic coffers, over one million of which is held by the DNC alone. Hundreds of thousands of dollars in additional questionable contributions—many of which are almost certainly illegal—are still under investigation by the Committee. Many questions regarding the orchestration of illegal campaign contributions remained unanswered. The American People deserve the Truth. For that reason, the Committee's investigation continues.